

The Honorable Robert S. Lasnik

**UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE**

*In Re YARDI REVENUE MANAGEMENT
ANTITRUST LITIGATION*

Case No. 2:23-cv-01391-RSL

**CONSOLIDATED CLASS ACTION
COMPLAINT**

MCKENNA DUFFY and MICHAEL BRETT,
individually and on behalf of all others similarly
situated,

Plaintiffs,

v.

JURY TRIAL DEMANDED

YARDI SYSTEMS, INC.; A. J. DWOSKIN &
ASSOCIATES, INC.; AFFINITY PROPERTY
MANAGEMENT, LLC; APARTMENT
SERVICES, INC.; ARDMORE
RESIDENTIAL, INC.; ASSET LIVING, LLC;
AVENUE5 RESIDENTIAL, LLC;
BALACIANO GROUP; BALKE BROWN
TRANSWESTERN, INC.; BANYAN LIVING
OHIO LLC; BRIDGE PROPERTY
MANAGEMENT, L.C.; CALIBRATE
PROPERTY MANAGEMENT, LLC;
CONCORD MANAGEMENT, LTD.;
CREEKWOOD PROPERTY CORPORATION;
DALTON MANAGEMENT, INC.; DWECK
PROPERTIES, LTD.; EDWARD ROSE &
SONS; ENVOLVE COMMUNITIES, LLC; FPI
MANAGEMENT, INC.; GHP
MANAGEMENT CORPORATION;
GOODMAN REAL ESTATE, INC.; GRE
MANAGEMENT, LLC; GREYSTAR
MANAGEMENT SERVICES, LLC; GRUBB
PROPERTIES, LLC; GUARDIAN
MANAGEMENT, LLC; HNN ASSOCIATES,

CONSOLIDATED CLASS ACTION COMPLAINT

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1 LLC; KRE GROUP, INC.; LUMACORP, INC.;
2 MANCO ABBOTT, INC.; MCWHINNEY
3 PROPERTY MANAGEMENT, LLC;
4 MORGUARD MANAGEMENT COMPANY
5 INC.; OAKLAND MANAGEMENT CORP.
6 d/b/a BEZTAK MANAGEMENT COMPANY;
7 PRG REAL ESTATE MANAGEMENT, INC.;
8 RAM PARTNERS, LLC; R.D. MERRILL
9 REAL ESTATE HOLDINGS, LLC; RPM
10 LIVING, LLC; SENTINEL REAL ESTATE
11 CORPORATION; SINGH MANAGEMENT
12 CO., L.L.C.; SOUTHERN MANAGEMENT
13 COMPANIES LLC; SUMMIT
14 MANAGEMENT SERVICES, INC.; THE
15 HABITAT COMPANY LLC; TOWNE
16 PROPERTIES ASSET MANAGEMENT
17 COMPANY, LTD.; WALTON
18 COMMUNITIES, LLC; WESTERN
19 NATIONAL SECURITIES d/b/a WESTERN
20 NATIONAL PROPERTY MANAGEMENT;
21 WILLOW BRIDGE PROPERTY COMPANY
22 NATIONAL d/b/a LINCOLN PROPERTY
23 COMPANY; WOODWARD MANAGEMENT
24 PARTNERS, LLC; and FICTITIOUS
25 DEFENDANTS JOHN DOES 1-100,

16 Defendants.

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1 Plaintiffs McKenna Duffy and Michael Brett bring this action on behalf of themselves
 2 individually and on behalf of a class consisting of all persons who leased multifamily residential
 3 real estate units directly from a defendant or co-conspirator from September 8, 2019, through the
 4 present, in the nationwide multifamily housing rental market (hereinafter “the multifamily
 5 market”). Plaintiffs bring this action for treble damages and injunctive relief under Section 1 of
 6 the Sherman Act. Plaintiffs demand a trial by jury.

7 I. NATURE OF THE ACTION

8 1. Rental prices across America have reached new levels of unaffordability for the
 9 average American. The U.S. Department of Housing and Urban Development specifically defines
 10 households as “rent-burdened” if they pay more than 30% of their income for housing. This is
 11 because households that pay so much of their income for housing may, according to HUD, “have
 12 difficulties affording necessities such as food, clothing, transportation and medical care.”¹
 13 According to 2023 studies, the average American renter is now cost burdened, with the typical
 14 renter now paying more than 30% percent of their income for housing.² This is the first time this
 15 has occurred in the more than 20 years that Moody’s Analytics has tracked this metric.

16 2. Unbeknownst to millions of Americans struggling to pay rent, Landlord
 17 Defendants³ are using a coordinated pricing algorithm administered by Defendant Yardi Systems,

18
 19 ¹ HUD, “Rental Burdens: Rethinking Affordability Measures” (available at
 20 https://www.huduser.gov/portal/pdredge/pdr_edge_featd_article_092214.html#:~:text=HUD%20defines%20cost%2Dburdened%20families,of%20one's%20income%20on%20rent) (last visited Nov. 3, 2023).

21 ² The Hill, “The Average American tenant is rent-burdened. Here’s what that means for the Economy,”
 22 February 21, 2023 (available at <https://thehill.com/changing-america/sustainability/infrastructure/3866947-renters-paying-30-percent-of-income-for-housing-crisis/>).

23 ³ Defendants A. J. Dwoskin & Associates, Inc.; Affinity Property Management, LLC; Apartment
 24 Services, Inc.; Ardmore Residential, Inc.; Asset Living, LLC; Avenue5 Residential, LLC; Balaciano
 25 Group; Balke Brown Transwestern, Inc.; Banyan Living Ohio LLC; Bridge Property Management, L.C.;
 26 Calibrate Property Management, LLC; Concord Management, Ltd.; Creekwood Property Corporation;
 27 Dalton Management, Inc.; Dweck Properties, Ltd.; Edward Rose & Sons; Envolve Communities, LLC;
 28 FPI Management, Inc.; GHP Management Corporation; Goodman Real Estate, Inc.; GRE Management,
 LLC; Greystar Management Services, LLC; Grubb Properties, LLC; Guardian Management, LLC; HNN
 Associates, LLC; Kre Group, Inc.; LumaCorp, Inc.; Manco Abbott, Inc.; McWhinney Property
 Management, LLC; Morguard Management Company Inc.; Oakland Management Corp. D/B/A Beztak
 Management Company; PRG Real Estate Management, Inc.; Ram Partners, LLC; R.D. Merrill Real Estate
 Holdings, LLC; Rpm Living, LLC; Sentinel Real Estate Corporation; Singh Management Co., L.L.C.;
 Southern Management Companies LLC; Summit Management Services, Inc.; The Habitat Company LLC;

Inc. (“Yardi”), a property management software company, that is specifically designed to inflate rental prices. Indeed, the artificial price inflation is in the very name of the algorithm: “RENTmaximizer.”⁴ For more than a decade, Yardi has repeatedly touted the ability of the algorithm to generate supracompetitive pricing, emphasizing how Defendant Landlords that use “RENTmaximizer” are able to increase rents faster than comparable properties. Plaintiffs challenge this conspiracy among Landlord Defendants and Yardi that has led to ordinary Americans being overcharged on rental prices that they pay across the nation.

3. Landlord Defendants manage multifamily rental properties across the United States. In a competitive market, these companies would compete on rental prices to attract renters—that is, they would set rents in accordance with the fundamentals of supply and demand. When demand surges, rents may go up. When demand falls, property management companies normally prioritize occupancy rates, and thus increase concessions (e.g., offering a first month free) to attract renters.

4. In the absence of knowledge about competitors’ pricing strategies, property managers can only make their best educated guesses and set their prices at optimal positions—usually a bit lower than what is offered by competitors—to attract renters in the market. If a lessor wants to take a chance to raise rents regardless of market conditions, other competitors will soon take that lessor’s business away by listing their units at competitive prices.

5. Yardi, together with the Landlord Defendants, has unlawfully solved this problem with a product originally called “RENTmaximizer.” Launched in 2011, RENTmaximizer is an algorithmic pricing tool marketed to lessors that is intended to “automate” lessors’ “rental pricing process” and thus help “multifamily property managers maximize rental income” by

Towne Properties Asset Management Company, Ltd.; Walton Communities, LLC; Western National Securities D/B/A Western National Property Management; Willow Bridge Property Company National D/B/A Lincoln Property Company; and Woodward Management Partners, LLC, collectively, are the “Landlord Defendants,” and together with Defendant Yardi Systems, Inc., the “Defendants.”

⁴ Yardi’s website indicates that “RENTmaximizer” has been renamed “Revenue IQ.” See “Revenue IQ,” <https://www.yardi.com/products/yardi-revenue-iq/>. The domain <https://www.yardi.com/rentmaximizer> redirects users to the “Revenue IQ” page, which describes Revenue IQ as substantially similar to RENTmaximizer. All references herein to “RENTmaximizer” in this complaint also include by reference Revenue IQ.

1 “increasing . . . revenue by 3 to 6 percent”⁵—that is, RENTmaximizer effectively outsources the
 2 management of rental pricing from a landlord to Yardi itself, which then implements higher prices
 3 collectively across a group of landlords. According to Terri Downen, Yardi’s senior vice president
 4 of sales, “[b]y automating rental pricing that factors in portfolio and market data,
 5 RENTmaximizer not only improves rental income while maintaining occupancy, it simplifies the
 6 process by *eliminating rent rate guesswork and traditional sales devices such as concessions and*
 7 *specials.*”⁶

8 6. In other words, Yardi’s RENTmaximizer is specifically, and publicly, marketed as
 9 a means to eliminate the discounting that would occur in a competitive market. Landlord
 10 Defendants who agree to use RENTmaximizer understand that its purpose is to foil the operation
 11 of the competitive market. Indeed, in marketing materials, Yardi advertises that “revenue grows
 12 on Yardi”⁷ and that Yardi users “beat the market by a minimum of 2%” and “gain[] on average
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24 ⁵ See *Yardi Adds Two Revenue Management Experts to its Yardi RENTmaximizer Team*, Business Wire
 25 (June 22, 2011), available at <https://www.businesswire.com/news/home/20110622006700/en/Yardi-Adds-Two-Revenue-Management-Experts-to-its-Yardi-RENTmaximizer-Team>.

26 ⁶ *The Rockbridge Group Increases Rent Revenue with Yardi RENTmaximizer*, Business Wire (June 21,
 27 2016), <https://www.businesswire.com/news/home/20160621005024/en/Rockbridge-Group-Increases-Rent-Revenue-Yardi-RENTmaximizer>.

28 ⁷ Yardi, *Revenue Grows on Yardi: RENTmaximizer* (video) (June 19, 2017),
<https://www.facebook.com/Yardi/videos/revenue-grows-on-yardi-rentmaximizer/1501017369961971/>.

more than 6% net rental income.”⁸ Yardi even tells its users: “You manage your business, we manage your pricing”:

Better Results

Clients using RENTmaximizer have gained on average more than 6% net rental income growth while improving occupancy. And, RENTmaximizer properties consistently beat the market by a minimum of 2%. This intuitive, transparent pricing system empowers your sales force, provides clear and comprehensive reporting and promotes adoption throughout your organization. Leases are priced by the system daily, which allows for fast adjustment to market conditions and changes in your inventory and traffic, while adjusting for cost constraints such as vacancy loss, turnover costs, inventory hold days and lease expiration management.

Better Service

You manage your business, we manage your pricing. Only Yardi provides you with a dedicated revenue manager with valuable industry experience along with your revenue management software. Your dedicated revenue manager will get to know your business processes, assets and goals to provide superior support and will work with you to maximize your returns. And as a RENTmaximizer client, you'll receive this service and training continuously to promote ongoing success.

7. Marketing materials for Yardi’s “Revenue IQ” product—which, on information and belief, is a rebranded version of RENTmaximizer—echo the same theme, boasting that lessors can use Yardi’s pricing software to “[w]in at pricing” and “[c]onsistently beat the market”⁹:

Win at pricing using integrated revenue intelligence

- Price new or renewal leases based on business goals, market conditions and inventory
- Consistently beat the market by utilizing revenue management instead of pricing yourself
- Enhance strategy and performance with built-in access to nationwide market intelligence

⁸ Yardi, *Yardi Multifamily Suite* (2019), available at <https://resources.yardi.com/documents/multifamily-suite-brochure/>.

⁹ Yardi, *Revenue IQ*, <https://www.yardielevate.com/multifamily/revenue-iq/> (last visited Sept. 7, 2023).

8. According to Yardi’s publicly available promotional materials, a key input to Yardi’s pricing algorithm, or “engine,” is competitor pricing data. Specifically, RENTmaximizer asks users to input their data, such as rental rates and occupancy, into its system; meanwhile, the system automatically incorporates market-specific information on “comparative rent” to, in Yardi’s words, give users “accurate and timely information regarding your market—including every comp and how you compete”¹⁰—or what it also calls “complete visibility,” including “performance benchmarking” “compared to the market, submarket, and competition”:



9. Yardi specifically markets to potential users that Yardi RENTmaximizer / RevenueIQ provides extensive data on competitors’ pricing that users can then use to maximize their own rental prices. For example, in one non-public 2023 presentation provided to a potential customer, Yardi touted that through RevenueIQ, “your operations team gains holistic revenue

Complete Visibility

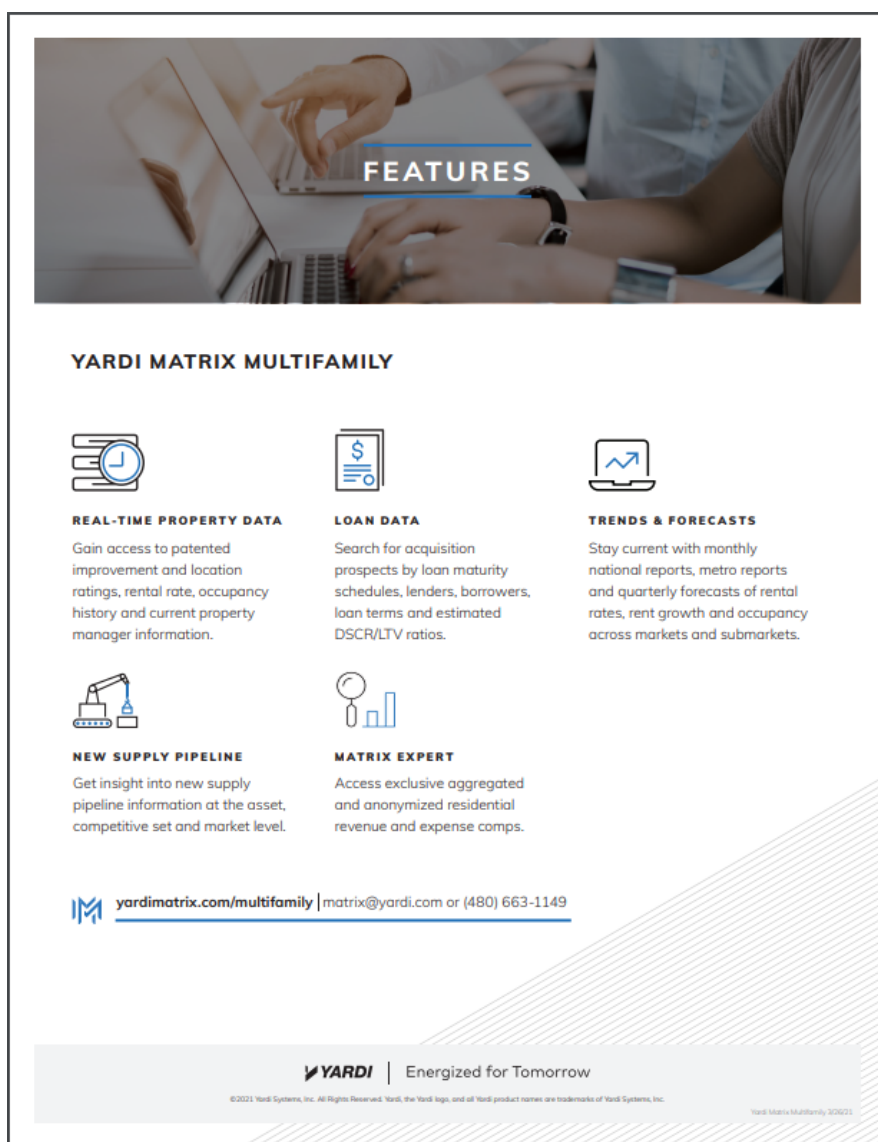
Your operations team gains holistic revenue intelligence from rental rates and occupancy to property performance benchmarks compared to the market, submarket, and competition. Your managers enjoy greater confidence that you are delivering the best possible rental prices.

¹⁰ Yardi Systems, Inc., *Yardi Elevate* (2020), available at <https://resources.yardi.com/documents/elevate-suite-for-multifamily-brochure/>.

1 intelligence from rental rates and occupancy to property performance benchmarks compared to
2 the market, submarket, and competition.”

3 10. RevenueIQ includes extensive benchmarking data that is collected from Yardi
4 property management clients and then made available to RevenueIQ users in aggregated fashion.
5 Through RevenueIQ, users obtain data on other specific properties that are similar in terms of
6 location, quality, or property characteristics. Comparable properties may be either suggested by
7 Yardi or selected by the user. The Revenue IQ user identifies a total of at least ten properties. At
8 that point, the data from those competitor properties is presented in aggregated fashion to the
9 Revenue IQ user. As stated in Yardi’s own interrogatory responses in this litigation, the
10 benchmarking data that is presented to Revenue IQ users includes “actual leasing, operational,
11 and financial data from Yardi property management clients.” Yardi acknowledges that the
12 benchmarking data is used by Revenue IQ clients to understand how their properties “are
13 performing financially and operationally as compared to comparable properties.” In short,
14 Revenue IQ provides to users extensive confidential data from competitor properties alongside
15 the pricing recommendations that Revenue IQ formulates. Notably, Yardi’s own interrogatory
16 responses specify that this benchmarking information provided through Revenue IQ, based on
17 confidential data from Yardi clients, “bears no relation” to the pricing surveys that Yardi also
18 conducts and makes available for usage in Revenue IQ. Yardi’s Revenue IQ, therefore,
19 incorporates and provides to users multiple types of competitor data: (1) confidential
20 “benchmarking” information collected from Yardi users and (2) pricing information that Yardi
21 meticulously collects through regular market surveys.

11. Yardi also operates Yardi Matrix, a commercial real estate intelligence source. Yardi Matrix actively collects data from Defendants and other multifamily operators related to rental prices at multifamily properties across the entire nation. Subscribers to Yardi Matrix receive rental price information, as well as other data such as short and long-range forecasts of rent and occupancy at the market and sub-market levels. Yardi's own interrogatory responses state that, "as of August 7, 2024, Yardi Matrix maintains property profiles for approximately 120,301 properties and 22,543,728 units. Yardi publicly advertises the extensive amount of data available through Yardi Matrix:



The screenshot displays the 'FEATURES' section of the Yardi Matrix Multifamily website. It lists five key features: Real-time Property Data, Loan Data, Trends & Forecasts, New Supply Pipeline, and Matrix Expert. Each feature is accompanied by an icon and a brief description of the data provided. At the bottom, there is contact information for Yardi Matrix Multifamily, including a website link, email, and phone number. The footer also includes the Yardi logo and the tagline 'Energized for Tomorrow'.

FEATURES

YARDI MATRIX MULTIFAMILY

REAL-TIME PROPERTY DATA
Gain access to patented improvement and location ratings, rental rate, occupancy history and current property manager information.

LOAN DATA
Search for acquisition prospects by loan maturity schedules, lenders, borrowers, loan terms and estimated DSCR/LTV ratios.

TRENDS & FORECASTS
Stay current with monthly national reports, metro reports and quarterly forecasts of rental rates, rent growth and occupancy across markets and submarkets.

NEW SUPPLY PIPELINE
Get insight into new supply pipeline information at the asset, competitive set and market level.

MATRIX EXPERT
Access exclusive aggregated and anonymized residential revenue and expense comps.

yardimatrix.com/multifamily | matrix@yardi.com or (480) 663-1149

YARDI | Energized for Tomorrow

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12. Yardi Matrix also conducts “rent surveys” multiple times annually to collect current pricing information about rental properties. As part of the rent survey, Yardi employees, masquerading as potential renters, call apartment community building to collect information about rents and current rent specials. Yardi itself has acknowledged that information Yardi collects from rent surveys is used in RENTmaximizer, stating that asking rent adjustments in RENTmaximizer are based, in part, on “public information collected through surveys.” Yardi’s public marketing for Matrix explicitly states that Matrix data is incorporated into RENTmaximizer.

MARKET INTELLIGENCE

Yardi Matrix provides nationwide intelligence on markets, submarkets, competition, developments, rents, occupancy and more. This data delivers accurate indicators of economic trends and performance and helps you price apartments profitably. When this market-specific data is incorporated with your RENTmaximizer data, you can accurately benchmark performance and factor it into rent projections and calculations which enhances your revenue management strategy and helps boost the performance of individual assets.

13. Yardi’s own interrogatory responses confirm the extensive, regular market surveys that Yardi conducts and then provides for usage in Revenue IQ. Yardi’s interrogatory responses state that “Yardi endeavors to collect asking rents for all apartment communities for which profiles have been established three times annually during a six-week period in January/February, May/June and September/October. These are referred to by Yardi as ‘benchmark’ surveys.” Yardi’s interrogatory responses also describe additional surveys that Yardi conducts on a monthly basis, stating that “Stratified surveys are conducted monthly on a sample subset of properties in various markets, presently consisting of approximately 12,000 to 13,500 properties. Stratified surveys typically take place over the course of five to eight days during the second week of each month. The purpose of stratified rent surveys is to identify market trends during intervals between the benchmark surveys.” And, Yardi also states that it “conducts ad hoc surveys from time to time to obtain information” related to property characteristics and current rents. The surveys collect

1 extensive information including asking rents, whether and what types of specials are offered, non-
2 rent specials, and lease term offerings.

3 14. Defendants provide information to Yardi Matrix with the understanding that, in
4 part, they will receive pricing recommendations from RENTmaximizer that are based on Yardi
5 Matrix data. CW 6, a former Yardi employee, stated that all Yardi clients— or Voyager clients—
6 contractually agree to share pricing and occupancy data with Yardi and to allow Yardi to use
7 “aggregated data” as part of Matrix and RENTmaximizer. CW 6 stated that “when you sign your
8 contract with them, you agree to give your data, aggregated.” CW 6 stated that Yardi has “all the
9 data from all of their properties inside Matrix” and that “somebody then buys that data in the form
10 of RENTmaximizer.” Similarly, CW 7, who worked at Yardi between 2019 and 2021 as a senior
11 account executive, explained that while Yardi’s clients were “very concerned about sharing their
12 rental rates more than anything,” “[m]ost people appreciated the fact that if they shared data, they
13 would get data from other clients using things like RENTmaximizer, so that everybody was
14 benefitting from the data.” And Yardi’s own interrogatory responses state that “a landlord
15 defendant using Revenue IQ may choose to use rents obtained by Matrix, as a source of data for
16 its Revenue IQ comp trend, then the Matrix survey data for the chosen comp properties and
17 floorplans are used in the average comp rent calculation.”

18 15. Yardi’s standard contractual agreement with Revenue IQ users provides Yardi
19 with broad contractual rights to use the data of Revenue IQ users. In particular, the standard
20 services agreement states that “Client acknowledges and agrees that Yardi may aggregate,
21 compile, use, and disclose Client data provided to Yardi as part of the Services in order to
22 improve, develop or enhance the Services; provided that no Client data is identifiable as
23 originating from, or can be traced back to, Client or a Client customer in such aggregated form.”
24 The services agreement also makes clear the importance of users providing data to Yardi, stating
25 that “Client agrees to provide current and relevant data to Yardi regarding the
26 properties/units/items for which Yardi provides Services. Client acknowledges that such data is
27 necessary to Yardi’s provision of the Services.” Yardi’s own interrogatory responses confirm that
28 this language giving Yardi broad access to the data of Revenue IQ users has been present

1 throughout the relevant period, with Yardi stating that “Yardi is not aware of any contractual
2 language pertaining to the use or non-use of aggregated data that might apply to Yardi customers
3 using Revenue IQ during the Relevant Time Period that differs from the language in the templates
4 already produced to Plaintiffs.” And Yardi also stated that it is not aware of any user of Revenue
5 IQ that has not agreed to this contractual language.

6 16. Leveraging data gathered from RENTmaximizer users as well as comparative rent,
7 RENTmaximizer’s rental pricing algorithm then calculates a “rent recommendation” that users
8 can—and are encouraged to—automatically adopt. These prices are updated “daily.” Yardi also
9 advertises (as noted above) that it gives lessors “complete visibility” into the market, providing
10 them with “property performance benchmarking (compared to the market, submarket and
11 competition)”¹¹:

12 Complete Visibility

13 RENTmaximizer provides holistic revenue intelligence for your operations
14 team. With this transparent system you’ll see everything from rental rates
15 and occupancy data to property performance benchmarking (compared
16 to the market, submarket and competition). Prospects and residents
will gain various pricing options, while your managers will enjoy greater
confidence that you are delivering the best possible rental prices.

17 17. Furthermore, Yardi provides RENTmaximizer users “with a dedicated revenue
18 manager” who works closely with individual lessors to hone their usage of RENTmaximizer by
19 “get[ting] to know your business processes, assets, and goals to provide superior support and . . .
20 work[ing] with you to maximize your returns.”¹² Promotional materials for Yardi’s “Revenue IQ”
21 product similarly advertise the assistance of “dedicated Yardi expert[s]” who “help manage
22
23

24 ¹¹ *Id.* Similar promotional materials for Yardi Revenue IQ state: “Get visibility into rent movement and
25 operational performance. *Know your market in real time — including every comp and how you compete.*
26 Daily management reports help you understand pricing changes and show you upcoming exposure along
27 with traffic and trends. Provide extensive revenue intelligence for your operations team and give your
28 managers confidence in the rental prices they offer. With this transparent system you’ll see: Rental rates
and occupancy data; Pricing options for prospects and residents; *Property performance benchmarking*
(compared to the market, submarket and competition).” See Yardi Systems, Inc., *Revenue IQ*,
<https://www.yardi.com/products/yardi-revenue-iq/> (emphasis added) (last visited Sept. 7, 2023).

¹² *Yardi Elevate*, *supra* note 10.

pricing” and assist lessors in “[g]et[ting] pricing recommendations and control[ling] pricing at the property level”¹³:

Get hands-on support from a technical account manager

- Rely on a dedicated Yardi expert to help manage pricing
- Get pricing recommendations and control pricing at the property level
- Continuously advance algorithms with an integrated propriety feedback loop

18. Yardi emphasizes to prospective clients that Yardi’s RENTmaximizer/Revenue IQ project will manage pricing for clients who purchase the software. For example, in one non-public 2023 presentation to a prospective client, Yardi stated, “[y]ou manage your business; we manage pricing,” while emphasizing at the same time the availability of a “dedicated, experienced revenue manager” who would work with the client along with the software.

Better Service

You manage your business; we manage pricing. Only Yardi offers you a dedicated, experienced revenue manager with your revenue management software. Your revenue manager gets to know your business processes, assets, and goals and works with you to maximize your returns.

19. Revenue managers employed by Yardi help further Landlord Defendants’ coordination by facilitating their implementation of the common pricing scheme produced by usage of RENTmaximizer. In particular, Yardi’s revenue managers give Landlord Defendants “confidence” in their decisions to charge inflated prices. As Adam Goldfarb, vice president for lessor Manco Abbott, stated in a 2015 press release, “Having a dedicated revenue manager working with us from the Yardi RENTmaximizer team is a huge benefit. If our staff or property

¹³ See *Revenue IQ*, *supra* note 9.

owners question any of our rates, we have our Yardi RENTmaximizer expert who can dig deeper to support our pricing—and that gives our organization and clients great confidence.”¹⁴

20. The result of this scheme is that Landlord Defendants outsource their once-independent pricing and supply decisions to a single decisionmaker, RENTmaximizer, and need not directly disclose their pricing strategies to each other in order to fix rent prices. Instead, Landlord Defendants collectively adopt a coordinated pricing strategy implemented and enforced by Yardi’s RENTmaximizer product. Defendants further understand that the pricing data they provide to Yardi is used to power the supracompetitive pricing adjustments that Yardi’s RENTmaximizer provides to their competitors. Yardi also publicly markets the housing operators who have adopted RENTmaximizer and publicizes that usage of RENTmaximizer allows housing operators to charge supracompetitive prices.

21. The Federal Trade Commission and Department of Justice’s “Antitrust Guidelines for Collaborations Among Competitors” emphasize that “[o]ther things being equal, the sharing of information relating to price, output, costs, or strategic planning is more likely to raise competitive concern than the sharing of information relating to less competitively sensitive variables. Similarly, other things being equal, the sharing of information on current operating and future business plans is more likely to raise concerns than the sharing of historical information.”¹⁵ These are precisely the types of information Landlord Defendants exchange through Yardi.

22. Lessors have spoken openly and enthusiastically about Yardi’s market-beating results and ability to take the “guesswork” out of setting rents and imposes “discipline” on pricing decisions.¹⁶ As Philip Nored, owner and managing partner of lessor HNN Associates described it

¹⁴ *Manco Abbott Inc. Achieves Rental Growth, Gains Expert Pricing Insight with Yardi RENTmaximizer*, Business Wire (Nov. 10, 2015), <https://www.businesswire.com/news/home/20151110005039/en/>.

¹⁵ Federal Trade Commission & U.S. Department of Justice, *Antitrust Guidelines for Collaborations Among Competitors* 15–16 (April 2000).

¹⁶ Economists recognize that pricing discipline, as well as public commentary about the need for discipline, is evidence of potential coordinated pricing. Jonathan Baker & Timothy Bresnahan, *Economic Evidence in Antitrust: Defining Markets and Measuring Market Power* in Paolo Buccirossi, Stanford Law School, John M. Olin Program in Law and Economics, Working Paper No. 328 1 (2006). (“If industry participants routinely respond to low prices not by pointing to lower costs but instead by complaining about pricing breakdowns and calling for improved pricing discipline, and if such comments in the trade

1 in a 2017 press release, “RENTmaximizer has *taken the guesswork* out of our rental pricing and
 2 lease terms, and boosts pricing performance through an intelligent system of measurements, fixed
 3 factors *and discipline*.”¹⁷ Another has stated bluntly: “[t]hanks to RENTmaximizer, we have
 4 *eliminated all concessions and specials*.”¹⁸ Another has written: “RENTmaximizer *eliminates the*
 5 *fear factor of exposure* that is a natural concern for property and regional managers.
 6 RENTmaximizer factors in historical and relevant data to assure us that we will get the traffic and
 7 leases we need to meet our revenue goals.”¹⁹

8 23. Other lessors have been even more frank, acknowledging that with
 9 RENTmaximizer, they can “aggressively” raise rents in a way that would have previously been
 10 impossible. For example, Brantley White, the president of lessor Ardmore Residential, a
 11 multifamily housing operator located in North Carolina, stated in a 2016 Yardi press release that
 12 Ardmore was able to raise rents 5-6% since its implementation of Yardi RENTmaximizer in
 13 2016. White explained that “RENTmaximizer has allowed us to *push rents more aggressively* and
 14 takes more human error out of the process.”²⁰ He candidly acknowledged that “[w]e simply
 15 wouldn’t have raised rents that much or that quickly on our own.”²¹

16 24. Confidential witnesses echo this and recognize that RENTmaximizer gives lessors
 17 an unfair advantage. For example, Confidential Witness 1 (“CW 1”),²² who worked as a former
 18 leasing consultant for Bridge Property Management, stated that she regularly used Yardi to set
 19 prices for the apartments she managed. Specifically, she would input the square footage of an

20 press are commonly followed by increasing prices shortly thereafter, that evidence could suggest that the
 21 participants see themselves as engaged in coordinated pricing punctuated by occasional price wars.”)
 (available at https://www-leland.stanford.edu/~tbres/research/buccirossi_01_ch01_001-042.pdf).

22 ¹⁷ HNN Associates, LLC Optimizes Rental Pricing Performance with Yardi RENTmaximizer, Business
 Wire (Feb. 17, 2015), <https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer> (emphasis added).
 23

¹⁸ See Rockbridge Group, *supra* note 6 (emphasis added).

24 ¹⁹ Beztak Grows Rental Income with Yardi RENTmaximizer, Business Wire (June 16, 2017), available at
[https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-Rental-Income-with-](https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-Rental-Income-with-Yardi-RENTmaximizer)
 25 [Yardi-RENTmaximizer](https://www.businesswire.com/news/home/20170616005099/en/Beztak-Grows-Rental-Income-with-Yardi-RENTmaximizer) (emphasis added).

26 ²⁰ Ardmore Residential Raises Rents 5-6% with Yardi RENTmaximizer, Business Wire (Apr. 21, 2016),
[https://www.businesswire.com/news/home/20160421005001/en/Ardmore-Residential-Raises-Rents-5-6-](https://www.businesswire.com/news/home/20160421005001/en/Ardmore-Residential-Raises-Rents-5-6-with-Yardi-RENTmaximizer)
 27 [with-Yardi-RENTmaximizer](https://www.businesswire.com/news/home/20160421005001/en/Ardmore-Residential-Raises-Rents-5-6-with-Yardi-RENTmaximizer) (emphasis added).

²¹ *Id.*

28 ²² CW 1 worked as a leasing consultant for Bridge Property Management in San Antonio, Texas, from
 2013 to 2014.

1 apartment, its location, and Yardi's system would then offer listing prices that she "just went for"
 2 without "question[ing]." CW 1 explained further that Yardi would show comparative pricing at
 3 specific competitor apartment locations and that, in her opinion, this "was not fair for renters."
 4 She stated bluntly: "It was ridiculous. We were supposed to be helping these people who couldn't
 5 afford a home. Instead, we were raising rents."

6 25. Similarly, Confidential Witness 2 ("CW 2"),²³ another former employee at Bridge
 7 Property Management, stated that the prices generated by Yardi were never questioned and could
 8 change daily. He stated that this pricing practice gave "an unfair advantage" to lessors because
 9 they "all know what they should be renting for" by using the same pricing platform.

10 26. Lessors have also explicitly and publicly praised (a) the insight into competitors'
 11 pricing that Yardi provides (i.e., Yardi's ability to facilitate a direct exchange of current pricing
 12 information between competitors) and (b) the supracompetitive returns it generates—indeed,
 13 much of this praise is found in scores of Yardi press releases touting RENTmaximizer's
 14 achievements in raising rents for clients in the multifamily market. For example, in a 2016 press
 15 release, Jeffrey Denson, the owner and COO of lessor Dalton Management, stated that Dalton
 16 Management was able to increase rent per unit without losing business to its competitors as
 17 "RENTmaximizer has . . . made Dalton Management better aware of how its properties compare
 18 to the rest of the market," explaining further that Dalton was "able to raise rents at a property we
 19 thought was keeping up—now we're getting \$100 more per unit and maintaining occupancy."²⁴

20 27. Similarly, a "success story" available on Yardi's website states that lessor Avesta
 21 had seen "a significant gain [in revenue] after only six months" of implementing automated
 22 RENTmaximizer pricing and that, for every dollar it invested in the RENTmaximizer system,
 23 Avesta "achieved a return of nearly \$30." The press release quotes Will Newton, Director of
 24 Support Systems at Avesta, as stating: "[T]hanks to the revenue and leasing metrics, along with
 25

26 ²³ CW 2 worked as a leasing consultant for Bridge Property Management in the Seattle, Washington
 27 area from 2019 to 2020.

28 ²⁴ *Dalton Management Reports Increased Revenue Using Yardi RENTmaximizer*, Business Wire (May
 19, 2016), <https://www.businesswire.com/news/home/20160519005003/en/Dalton-Management-Reports-Increased-Revenue-Using-Yardi-RENTmaximizer>.

the support of our dedicated Yardi RENTmaximizer pricing specialist, we don't leave money on the table"²⁵:

The Story

Automated Pricing Increases Revenue

After implementing RENTmaximizer, Avesta saw a significant gain after only six months. For every dollar they invested in the system, they achieved a return of nearly \$30. Will Newton, director of support systems, explained that as a resident-focused company, Avesta is delighted that RENTmaximizer makes it easy to offer customers a variety of lease terms and move-in dates, so each resident can choose what works best for them and their budget.

Newton elaborated further, saying that the revenue and leasing metrics Avesta gets from RENTmaximizer — along with the support of a dedicated RENTmaximizer revenue expert — ensure they consistently make profitable pricing decisions for every property.

28. In addition to their use of RENTmaximizer, Defendants also engaged in direct communications with their competitors regarding their pricing in furtherance of their conspiracy. Confidential witness interviews reveal that certain individual Landlord Defendants implemented a regular strategy of engaging in “market surveys” of their competitors. This is consistent with the long-standing academic understanding that competitors’ monitoring of each other facilitates the stability of cartels: “In the half century since the seminal paper of Stigler, it has become conventional wisdom that transparency in cartels - monitoring of competitors’ prices, sales, and profits facilitates collusion. As [one source puts it] . . . ‘Lesser observability, including more noisy signals of price cuts, makes sustaining a given supracompetitive price harder.’ This idea is ubiquitous in textbooks on microeconomics . . . and antitrust law.”²⁶

29. As part of this strategy, employees of Defendants would call their competitors, often on a weekly basis, and specifically ask what prices those competitors were charging. For example, CW 1, a former leasing consultant for Bridge Property Management, stated that she regularly conducted market surveys by “shopping” other apartment complexes, where she would gather information on pricing. Similarly, CW 2, another former employee at Bridge Property

²⁵ Yardi, *Success Stories – Avesta*, <https://www.yardi.com/about-us/success-stories/avesta/> (last visited Sept. 7, 2023).

²⁶ Sugaya, Takuo and Alexander Wolitzky. “Maintaining Privacy in Cartels.” *Journal of Political Economy* 126, 6 (December 2018): 2569-2607, available at https://www.law.northwestern.edu/research-faculty/clbe/events/antitrust/documents/wolitzky_maintaining_privacy.pdf.

Management, recalled that he would call competitors' complexes and ask their leasing agents for rent prices. Remarkably, Yardi competitor RealPage has defended its conduct in a separate lawsuit based on conduct similar to that alleged here by stating, among other things, that "its software helps reduce the risk of collusion that would occur if landlords relied on phone surveys of competitors to manually price their units."²⁷ It is axiomatic that the exchange of competitively sensitive information is illegal per se if this exchange is made in furtherance of an agreement to fix prices; indeed, in 2011, the State of Connecticut sued (and subsequently reached a settlement with) hotels for the closely analogous practice of "calling other hotels to learn their occupancy rates and what they are charging."²⁸

30. RENTmaximizer is today widely used throughout the United States to set multifamily rental prices. In 2013, for instance, Dharmendra Sawh (then Yardi's "principal for revenue management") stated publicly that RENTmaximizer was used to manage 8 million residential units around the world²⁹—a number that is likely far higher today.³⁰ Consistent with this, a test run economic analysis confirms that collective usage of Yardi RENTmaximizer leads to higher prices. Public rent data was collected over a period of several weeks in August 2023 from Seattle, Charlotte, and Phoenix. A regression analysis was then performed in zip codes where usage of Yardi RENTmaximizer was higher than 15% of available units. The regression analysis controlled for various property and geographic features, such as (1) size of the unit, (2) number of bathrooms, (3) census average rent in the zip code, and (4) median income in the zip code. Across over 23,000 units, the regression found an average overcharge of 6% on units priced using RENTmaximizer as compared to units not priced using RENTmaximizer, including

²⁷ *Id.*

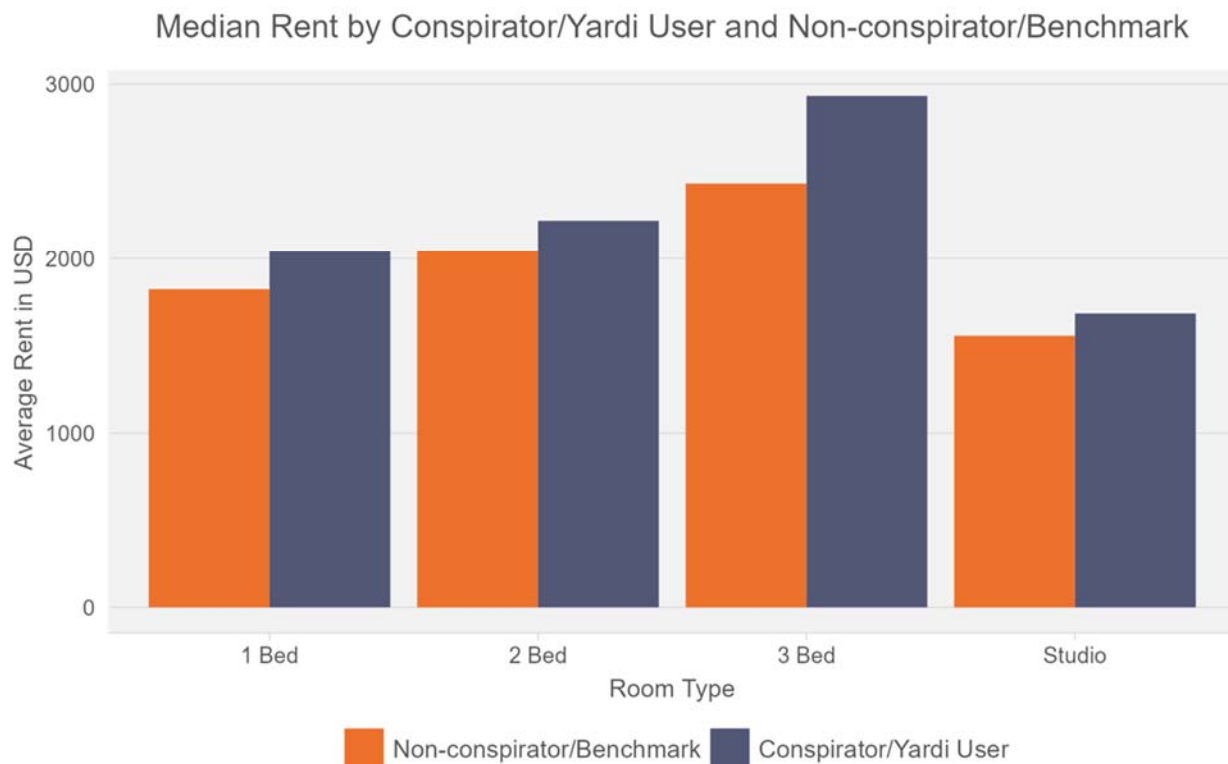
²⁸ *Hotels Pay Fine for Alleged Price Fixing*, Hartford Courant (Aug. 11, 2011), <https://www.courant.com/2011/08/11/hotels-pay-fine-for-alleged-price-fixing/>.

²⁹ Patrick Nelson, *Algorithms for Rent: The Price is Right*, Tech News World (Mar. 12, 2013), <https://www.technewsworld.com/story/algorithms-for-rent-the-price-is-right-77498.html>.

³⁰ Guy Lyman, *Don't Miss This! Unveiling of "AIRM" AI Revenue Management at RealWorld*, RealPage, Inc. (Sept. 8, 2020), <https://www.realpage.com/blog/dont-miss-this-unveiling-of-airm-ai-revenue-management-at-realworld/>. By contrast, in September 2020, Yardi's leading competitor RealPage—which also makes a product that automatically sets residential real estate lease prices—claimed that its own revenue management software was used to set the price for "over four million [multifamily] units." *Id.*

for studio, 1-bedroom, 2-bedroom, and 3-bedroom apartments. This is closely consistent with Yardi's repeated public statements that usage of RENTmaximizer led to a 6% average increase in net rental income:

31. Further, economic research confirms that the use of pricing algorithms leads to anticompetitive effects, including elevated prices. Modern algorithms can use artificial intelligence to reach the objective of maximizing profits without the need for human intervention. For example, a 2021 empirical study found, in line with the predictions of theoretical models, that when gas stations in Germany used algorithms to set prices, their margins increased by approximately 9%. Critically, the authors found that algorithm use only raised prices above competitive levels in places where competitors adopted algorithms jointly, and thus that



“algorithmic pricing software adoption raises margins *only through its effects on competition*.”

32. Government regulators have long raised concerns about industry-wide use of algorithmic pricing. Earlier this year, for example, the Principal Deputy Assistant Attorney General of the Antitrust Division for the Department of Justice stated: “Where competitors adopt the same pricing algorithms, our concern is only heightened. Several studies have shown that

1 these algorithms can lead to tacit or express collusion in the marketplace, potentially resulting in
 2 higher prices, or at a minimum, a softening of competition.”³¹ Similarly, Maureen Ohlhausen,
 3 when serving as acting Chairperson of the Federal Trade Commission, explained in 2017 how
 4 multiple firms outsourcing pricing decisions to a single third-party actor—just as lessors have
 5 done with RealPage—raises significant antitrust concerns and is little different from funneling
 6 confidential pricing information through a “guy named Bob”:

7 What if algorithms are not used in such a clearly illegal way, but
 8 instead effectively become a clearing house for confidential pricing
 9 information? **Imagine a group of competitors sub-contracting**
 10 **their pricing decisions to a common, outside agent that provides**
 11 **algorithmic pricing services. Each firm communicates its**
 12 **pricing strategy to the vendor, and the vendor then programs its**
 13 **algorithm to reflect the firm’s pricing strategy. But because the**
 14 **same outside vendor now has confidential price strategy**
 15 **information from multiple competitors, it can program its**
 16 **algorithm to maximize industry-wide pricing.** In effect, the firms
 17 themselves don’t directly share their pricing strategies, but that
 18 information still ends up in common hands, and that shared
 19 information is then used to maximize market-wide prices.

20 Again, **this is fairly familiar territory for antitrust lawyers, and**
 21 **we even have an old fashioned term for it, the hub-and-spoke**
 22 **conspiracy. Just as the antitrust laws do not allow competitors**
 23 **to exchange competitively sensitive information directly in an**
 24 **effort to stabilize or control industry pricing, they also prohibit**
 25 **using an intermediary to facilitate the exchange of confidential**
 26 **business information.**

27 Let’s just change the terms of the hypothetical slightly to understand
 28 why. Everywhere the word “algorithm” appears, please just insert
 the words “a guy named Bob”.

Is it ok for a guy named Bob to collect confidential price strategy
 information from all the participants in a market, and then tell
 everybody how they should price? **If it isn’t ok for a guy named**

³¹ U.S. Dep’t of Justice, *Principal Deputy Assistant Attorney General Doha Mekki of the Antitrust Division Delivers Remarks at GCR Live: Law Leaders Global 2023* (Feb. 2, 2023), available at <https://www.justice.gov/opa/speech/principal-deputy-assistant-attorney-general-doha-mekki-antitrust-division-delivers-0>.

1 **Bob to do it, then it probably isn't ok for an algorithm to do it**
 2 **either.**³²

3 33. The Department of Justice has also recognized the significant anticompetitive
 4 harms that may stem from centralized information exchanges. The DOJ recently brought an
 5 enforcement action against Agri Stats, a third-party information exchange service in the broiler,
 6 pork, and turkey industries.³³ Like Yardi Matrix, Agri Stats facilitated the exchange of
 7 competitively sensitive price and supply information between competitors. The Department of
 8 Justice also recently filed a notice in an action against Yardi competitor RealPage, which is
 9 alleged to have perpetuated a highly similar scheme using its "YieldStar" pricing algorithm,
 10 stating that the United States "has a particularly substantial interest in addressing the proper
 11 application of Section 1 of the Sherman Act, 15 U.S.C. § 1, to the use of algorithms by
 12 competitors to help set pricing. Companies' use of algorithms in price setting, often in an effort to
 13 increase pricing, has become more prevalent in the modern economy. As a result, the issues
 14 involved in this case are of increasing significance to the application of antitrust law across the
 15 economy."³⁴

16 34. Defendants' misconduct—centered on the coordination and setting of optimal
 17 pricing through a shared, centralized decisionmaker—is not meaningfully different than a
 18 traditional hub-and-spoke price-fixing conspiracy. Because this conduct is facially
 19 anticompetitive, i.e., it produces clear anticompetitive effects and offers no procompetitive
 20 benefits, it is a naked restraint on trade that should be deemed illegal per se. But even if this
 21 conduct somehow benefitted competition and furthered consumer welfare in some minimal way
 22

23 ³² Maureen K. Ohlhausen, *Should We Fear The Things That Go Beep In the Night? Some Initial*
 24 *thoughts on the Intersection of Antitrust law and Algorithmic Pricing*, Federal Trade Commission (May
 25 23, 2017), [https://www.ftc.gov/system/files/documents/public_statements/1220893/ohlhausen_-_](https://www.ftc.gov/system/files/documents/public_statements/1220893/ohlhausen_-_concurrences_5-23-17.pdf)
[concurrences_5-23-17.pdf](https://www.ftc.gov/system/files/documents/public_statements/1220893/ohlhausen_-_concurrences_5-23-17.pdf).

26 ³³ See U.S. Dep't of Justice, *Justice Department Sues Agri Stats for Operating Extensive Information*
 27 *Exchanges Among Meat Processors* (September 28, 2023), available at
[https://www.justice.gov/opa/pr/justice-department-sues-agri-stats-operating-extensive-information-](https://www.justice.gov/opa/pr/justice-department-sues-agri-stats-operating-extensive-information-exchanges-among-meat)
[exchanges-among-meat](https://www.justice.gov/opa/pr/justice-department-sues-agri-stats-operating-extensive-information-exchanges-among-meat).

28 ³⁴ See United States' Notice of Potential Participation (ECF No. 599), *In re: RealPage Rental Software*
Antitrust Litigation (No. II), Case No. 3:23-MD-3071 (Oct. 12, 2023).

(it does not), the anticompetitive effects would vastly outweigh any benefits and should be swiftly condemned under the rule of reason.

35. The conspiracy Plaintiffs challenge is unlawful under Section 1 of the Sherman Act. Plaintiffs bring this action as a class action on behalf of a class of individuals to recover damages, trebled, as well as injunctive and other appropriate relief, detailed *infra*, on behalf of all others similarly situated.

II. PARTIES

A. Plaintiffs

36. Plaintiff **Mckenna Duffy** is a citizen and resident of the State of Washington. Plaintiff Duffy rented multifamily residential units in properties managed by Landlord Defendant R.D. Merrill Real Estate Holdings. Plaintiff Duffy had a lease with The Wave from 2021 to 2022, then with The Nolo from 2022 to the present. Plaintiff Duffy paid inflated rental prices as a result of Defendant R.D. Merrill Real Estate Holdings' usage of Yardi's centralized pricing mechanism.

37. Plaintiff **Michael Brett** is an Australian citizen and resident of the State of Washington. Plaintiff Brett rented a multifamily residential unit in properties managed by Landlord Defendant R.D. Merrill Real Estate Holdings. Plaintiff Brett signed a lease with The Wave from August 2020 to November 2021. Plaintiff Brett paid inflated rental prices as a result of Defendant R.D. Merrill Real Estate Holdings' usage of Yardi's centralized pricing mechanism.

B. Defendants

1. Defendant Yardi Systems, Inc.

38. Defendant **Yardi Systems, Inc.** ("Yardi") is a California corporation headquartered in Barbara, California. Yardi provides industry-leading property management software and services to the multifamily real estate industry, including the RENTmaximizer/Revenue IQ revenue management software described herein.

2. Landlord Defendants

39. Landlord Defendant **A. J. Dwoskin & Associates, Inc.** ("A. J. Dwoskin") is a Virginia corporation headquartered in Fairfax, Virginia. A. J. Dwoskin is a multifamily property manager and owner of more than 1,000 rental units within 11 multifamily communities

throughout the state of Virginia.³⁵ A. J. Dwoskin is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

40. Landlord Defendant **Affinity Property Management, LLC** ("Affinity") is an Oregon limited liability company headquartered in Portland, Oregon. Affinity manages over 115 apartment complexes in Oregon and Washington.³⁶ Affinity is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

41. Landlord Defendant **Apartment Services, Inc.** ("Apartment Services") is a Maryland corporation headquartered in Hunt Valley, Maryland. Apartment Services owns and manages 40 apartment and townhome communities totaling over 7,500 units in the Greater Baltimore region.³⁷ Apartment Services is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

42. Landlord Defendant **Ardmore Residential, Inc.** ("Ardmore") is a North Carolina corporation headquartered in Greensboro, North Carolina. Ardmore is a multifamily property manager and owner of over 6,000 rental units in apartment communities throughout the Southeast United States.³⁸ Ardmore is one of Yardi's clients and began using its RENTmaximizer revenue management software in at least 2016.³⁹

43. Landlord Defendant **Asset Living, LLC** ("Asset Living") is a Texas limited liability company headquartered in Houston, Texas. Asset Living is a multifamily property manager and owner of over 1,750 properties in over 40 states.⁴⁰ Asset Living is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

³⁵ <https://www.yardi.com/about-us/success-stories/a-j-dwoskin-associates/?format=pdf> (last visited Oct. 2, 2024).

³⁶ <https://www.affinityproperty.com/philosophy.aspx> (last visited Mar. 4, 2025).

³⁷ <https://apartmentservices.com/about-us/> (last visited Mar. 4, 2025).

³⁸ <https://www.ardmoreresidential.com/index.aspx> (last visited May 2, 2024);

<https://www.ardmoreresidential.com/managementteam.aspx> (last visited May 2, 2024).

³⁹ *Ardmore Residential Raises Rents 5-6% with Yardi RENTmaximizer*, Business Wire (Apr. 21, 2016), <https://www.businesswire.com/news/home/20160421005001/en/ArdmoreResidential-Raises-Rents-5-6-with-Yardi-RENTmaximizer>.

⁴⁰ <https://www.assetliving.com/property-management/multi-family> (last visited May 2, 2024).

44. Landlord Defendant **Avenue5 Residential, LLC** (“Avenue5”) is a Texas limited liability company headquartered in Dallas, Texas. Avenue5 is a multifamily property manager and owner of over 700 properties in over 20 states, including the State of Washington. Avenue5 is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

45. Landlord Defendant **Balaciano Group** f/k/a California Home Builders/DEELS Properties (“Balaciano”) is a California stock corporation headquartered in Canoga Park, California. Balaciano is a multifamily property manager and owner of over 2,000 rental units within 16 apartment communities throughout the state of California.⁴¹ Balaciano is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

46. Landlord Defendant **Balke Brown Transwestern, Inc.** (“2B Residential”) is a Missouri corporation headquartered in St. Louis, Missouri. Balke Brown Transwestern’s trade name for multi-family residential services is 2B Residential. 2B Residential is a multifamily property manager and owner of over 7,700 rental units in over 45 apartment communities throughout the Midwest United States.⁴² 2B Residential is one of Yardi’s clients and began using its RENTmaximizer revenue management software in at least 2015.⁴³

47. Landlord Defendant **Banyan Living Ohio LLC** d/b/a Banyan Living (“Banyan”) is a New York limited liability company headquartered in Garden City, New York. Banyan is a multifamily property manager and owner of rental units throughout the United States, primarily in Ohio.⁴⁴ Banyan is one of Yardi’s clients and began using its RENTmaximizer revenue management software in at least 2016.⁴⁵

⁴¹ <https://balaciano.com/portfolio/> (last visited May 2, 2024).

⁴² Balke Brown Transwestern Company Brochure, *Corporate Overview 2023*, <https://online.fliphtml5.com/feylm/iooa/#p=2>.

⁴³ *Balke Brown Transwestern Selects Yardi RENTmaximizer for Better Service and Clear Results*, Business Wire (Mar. 3, 2015), <https://www.businesswire.com/news/home/20150303005003/en/Balke-Brown-Transwestern-Selects-Yardi-RENTmaximizer-for-Better-Service-and-Clear-Results>.

⁴⁴ <https://livebanyan.com/about/> (last visited May 2, 2024).

⁴⁵ *Banyan Living Achieves Rent Growth with Yardi RENTmaximizer*, Business Wire (December 13, 2016), <https://www.businesswire.com/news/home/20161213005313/en/Banyan-Living-Achieves-Rent-Growth-with-Yardi-RENTmaximizer>.

48. Landlord Defendant **Bridge Property Management, L.C.** (“Bridge Property”) is a Utah limited liability company headquartered in Sandy, Utah. Bridge Property is a multifamily property manager and owner of over 60,000 rental units within 169 apartment communities over 20 states throughout the United States.⁴⁶ Bridge Property is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.⁴⁷

49. Landlord Defendant **Calibrate Property Management, LLC** (“Calibrate”) is a Washington limited liability company headquartered in Kirkland, Washington. Calibrate manages approximately 1,900 units in four states and is “rapidly growing.”⁴⁸ Calibrate is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

50. Landlord Defendant **Concord Management, Ltd.** (doing business as ConcordRENTS) (“Concord”) is a Florida Limited Partnership headquartered in Maitland, Florida. Concord manages over 100 apartment complexes throughout Florida.⁴⁹ Concord is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

51. Landlord Defendant **Creekwood Property Corporation** (“Tonti Properties”) is a Texas corporation headquartered in Dallas, Texas. Creekwood Property Corporation’s trade name is Tonti Properties. Tonti Properties manages 17 properties in Arizona, Colorado, Florida, Louisiana, and Texas. Tonti Properties is one of Yardi’s clients and began using its RENTmaximizer revenue management software beginning in at least 2016.⁵⁰

52. Landlord Defendant **Dalton Management, Inc.** (“Dalton”) is an Oregon corporation headquartered in Beaverton, Oregon. Dalton manages over 15 apartment complexes

⁴⁶ <https://www.bridgepm.com/whoweare> (last visited May 2, 2024).

⁴⁷ *Bridge Property Management Gains 9.4% Year-Over-Year Rental Growth with Yardi RENTmaximizer*, Business Wire (Sept. 29, 2015), <https://www.businesswire.com/news/home/20150929005288/en/Bridge-Property-Management-Gains-9.4-Year-Over-Year-Rental-Growth-with-Yardi-RENTmaximizer>.

⁴⁸ <https://calibratemanagement.com/> (last visited Sept. 7, 2023).

⁴⁹ <https://www.concordrents.com/about-us> (last visited Mar. 4, 2025).

⁵⁰ *Tonti Properties Increases Rental Income with Yardi RENTmaximizer*, Business Wire (June 14, 2016), <https://www.businesswire.com/news/home/20160614005001/en/>.

throughout California, Oregon, and Washington.⁵¹ Dalton is one of Yardi's clients and began using its RENTmaximizer revenue management software in at least 2016.⁵²

53. Landlord Defendant **Dweck Properties, Ltd.** ("Dweck") is a Virginia corporation headquartered in Washington DC. Dweck manages over 6,600 apartment homes and complementary retail spaces in the Washington DC metro region.⁵³ Dweck is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

54. Landlord Defendant **Edward Rose & Sons** ("Edward Rose") is a Michigan corporation headquartered in Bloomfield Hills, Michigan. Edward Rose is a multifamily property manager and owner of over approximately 65,000 rental units in approximately 142 properties throughout approximately 18 states of Alabama, Arkansas, Florida, Illinois, Indiana, Iowa, Kansas, Michigan, Nebraska, North Carolina, Ohio, South Carolina, Tennessee, Virginia, Washington, and Wisconsin.⁵⁴ Edward Rose is one of Yardi's clients and began using its RENTmaximizer revenue management software beginning in at least 2021.⁵⁵

55. Landlord Defendant **Envolve Communities, LLC** d/b/a Envolve LLC ("Envolve") is an Alabama limited liability company headquartered in Montgomery, Alabama. Envolve is a vertically integrated owner and operator of multi-family housing.⁵⁶ Envolve is a multifamily property manager and owner of over 28,000 residential units in approximately 106 properties throughout 18 states including Alabama, Arkansas, Florida, Georgia, Illinois, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Nebraska, New Mexico, Ohio,

⁵¹ <https://daltonmngt.com> (last visited Sept. 7, 2023).

⁵² *Dalton Management Reports Increased Revenue Using Yardi RENTmaximizer*, Business Wire (May 19, 2016), <https://www.businesswire.com/news/home/20160519005003/en/Dalton-Management-Reports-Increased-Revenue-Using-Yardi-RENTmaximizer>.

⁵³ <https://www.dweckproperties.com/about> (last visited Mar. 4, 2025).

⁵⁴ <https://www.edwardrose.com/searchlisting>; <https://www.yardi.com/blog/news/edward-rose-sons/29827.html> (last visited Oct. 7, 2024).

⁵⁵ <https://www.yardi.com/blog/news/edward-rose-sons/29827.html> (last visited Oct. 7, 2024).

⁵⁶ <https://www.envolvecommunities.com/propertymanagement> (last visited Oct. 8, 2024).

Oklahoma, Tennessee, Texas, and Virginia.⁵⁷ Envolve is one of Yardi’s clients and began using its RENTmaximizer revenue management software beginning in at least 2012.⁵⁸

56. Landlord Defendant **FPI Management, Inc.** (“FPI”) is a California corporation headquartered in Folsom, California. FPI is a multifamily property manager and owner of over 165,000 rental units throughout 23 states. FPI is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

57. Landlord Defendant **GHP Management Corporation** (“GHP”) is a California corporation headquartered in Los Angeles, California. GHP manages over 11,000 apartment complexes throughout the Los Angeles, California, area. GHP is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

58. Landlord Defendant **Goodman Real Estate, Inc.** (“Goodman”) is a Washington corporation headquartered in Seattle, Washington. Goodman manages more than 100 apartment complexes nationwide through its wholly owned subsidiary, GRE Management, LLC.⁵⁹ Goodman is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

59. Landlord Defendant **GRE Management, LLC** (“GRE”) is a Washington limited liability company headquartered in Seattle, Washington. GRE is a wholly owned subsidiary of Goodman Real Estate, Inc. and manages more than 100 apartment complexes nationwide.⁶⁰ GRE is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

60. Landlord Defendant **Greystar Management Services, LLC** (“Greystar”) is a South Carolina limited liability company headquartered in South Carolina. Greystar is a multifamily property manager and owner of 823,581 rental units across the United States,

⁵⁷ <https://www.envolvecommunities.com/searchlisting> (last visited Oct. 8, 2024); <https://www.yardi.com/about-us/success-stories/envolve-llc/?format=pdf> (last visited Oct. 8, 2024).

⁵⁸ See <https://www.yardi.com/about-us/success-stories/envolve-llc/?format=pdf> (last visited Oct. 8, 2024).

⁵⁹ <https://goodmanre.com/about/> (last visited Mar. 4, 2025).

⁶⁰ <https://goodmanre.com/about/> (last visited Mar. 4, 2025).

including the State of Washington. Greystar is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

61. Landlord Defendant **Grubb Properties, LLC** ("Link Apartments") is a North Carolina limited liability company headquartered in Cary, North Carolina. Grubb Properties, LLC's trade name is Link Apartments. Link Apartments is a multifamily property manager and owner of 11 properties in District of Columbia, Georgia, North Carolina, South Carolina, Tennessee, and Virginia.⁶¹ Grubb is one of Yardi's clients and began using its RENTmaximizer revenue management software beginning in at least 2015.⁶²

62. Landlord Defendant **Guardian Management, LLC** ("Guardian") is an Oregon limited liability company headquartered in Portland, Oregon. Guardian is a multifamily property manager of at least 124 properties in states including Arizona, Oregon, and Washington.⁶³ Guardian is one of Yardi's clients and began using its RENTmaximizer revenue management software beginning in at least 2015.⁶⁴

63. Landlord Defendant **HNN Associates, LLC** ("HNN") is a Washington limited liability company headquartered in Bellevue, Washington. HNN manages the 52 properties owned by Devco Residential Group, LLC in Washington state.⁶⁵ HNN is one of Yardi's clients and began using its RENTmaximizer revenue management software in at least 2015.⁶⁶

64. Landlord Defendant **KRE Group, Inc.** d/b/a Kushner Real Estate Group ("KRE") is a New Jersey corporation headquartered in Jersey City, New Jersey.⁶⁷ KRE is a multifamily

⁶¹ <https://www.grubbproperties.com/about-link-apartments> (last visited May 2, 2024).

⁶² *Grubb Properties Maximizes Pricing, Achieves Longer Lease Terms with Yardi RENTmaximizer*, Business Wire (December 1, 2015), <https://www.businesswire.com/news/home/20161213005313/en/Banyan-Living-Achieves-Rent-Growth-with-Yardi-RENTmaximizer>.

⁶³ [https://properties.gres.com/searchlisting.aspx?ftst=&LocationGeoId=0&zoom=10&autoCompleteCorpPropSearchlen=3&renewpg=1&PgNo=3&LatLng=\(38.7945952,-106.5348379\)&](https://properties.gres.com/searchlisting.aspx?ftst=&LocationGeoId=0&zoom=10&autoCompleteCorpPropSearchlen=3&renewpg=1&PgNo=3&LatLng=(38.7945952,-106.5348379)&) (last visited Oct. 7, 2024).

⁶⁴ <https://www.yardi.com/about-us/success-stories/guardian-on-rightsource/?format=pdf> (last visited Oct. 8, 2024).

⁶⁵ <https://www.lifeisbetterhere.com/ourproperties.aspx> (last visited Sept. 7, 2023).

⁶⁶ *HNN Associates, LLC Optimizes Rental Pricing Performance with Yardi RENTmaximizer*, Business Wire (February 17, 2015), <https://www.businesswire.com/news/home/20150217005101/en/HNN-Associates-LLC-Optimizes-Rental-Pricing-Performance-with-Yardi-RENTmaximizer>.

⁶⁷ <https://thekregroup.com/> (last visited May 2, 2024).

property manager and owner of approximately 22 rental properties in New Jersey and Pennsylvania. KRE is one of Yardi's clients and began using its RENTmaximizer revenue management software beginning in at least 2017.⁶⁸

65. Landlord Defendant **LumaCorp, Inc.** d/b/a Luma Residential ("Luma") is a Texas corporation headquartered in Dallas, Texas.⁶⁹ Luma is a multifamily property manager and owner of approximately 24 rental properties in Texas. Luma is one of Yardi's clients and began using its RENTmaximizer revenue management software beginning in at least 2015.⁷⁰

66. Landlord Defendant **Manco Abbott, Inc.** ("Manco Abbott") is a California corporation headquartered in Fresno, California. Manco Abbott is one of Yardi's clients and began using its RENTmaximizer revenue management software in at least 2015.⁷¹

67. Landlord Defendant **McWhinney Property Management, LLC** ("McWhinney") is a Colorado limited liability company headquartered in Denver, Colorado. McWhinney is a multifamily property manager and owner of approximately 19 properties throughout the states of Colorado and California.⁷² McWhinney is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

68. Landlord Defendant **Morguard Management Company Inc.** ("Morguard") is a Louisiana corporation headquartered in Metairie, Louisiana. Morguard manages more than 19,000 apartment homes in more than 30 locations across the United States.⁷³ Morguard is one of Yardi's clients and began using its RENTmaximizer revenue management software in at least 2015.⁷⁴

⁶⁸ *KRE Group Grows Profits and Occupancy with Yardi RENTmaximizer*, Business Wire (Mar. 14, 2017), <https://www.businesswire.com/news/home/20170314005389/en/KREGroup-Grows-Profits-and-Occupancy-with-Yardi-RENTmaximizer>.

⁶⁹ <https://lumapm.com/#> (last visited May 2, 2024).

⁷⁰ *LumaCorp Inc. Reports Revenue, Marketing and Processing Benefits with Yardi Multifamily Solution Products*, Business Wire (Feb. 15, 2015) <https://www.businesswire.com/news/home/20150225005192/en/LumaCorp-Inc.-Reports-Revenue-Marketing-and-Processing-Benefits-with-Yardi-Multifamily-Solution-Products>.

⁷¹ *Manco Abbott Inc. Achieves Rental Growth, Gains Expert Pricing Insight with Yardi RENTmaximizer*, *supra* note 14.

⁷² <https://mcwhinney.com/portfolio/?company=multifamily> (last visited May 2, 2024).

⁷³ <https://www.morguardliving.com/> (last visited Mar. 5, 2025).

⁷⁴ See Morguard North American Residential Real Estate Investment Trust, Q4 2015 Earnings Call (Feb. 18, 2016).

69. Landlord Defendant **Oakland Management Corp.** d/b/a Beztak Management Company (“Beztak”) is a Michigan corporation headquartered in Farmington Hills, Michigan. Beztak is a multifamily property manager and owner of over 38,000 rental units in apartment communities throughout the United States.⁷⁵ Beztak is one of Yardi’s clients and began using its RENTmaximizer revenue management software in at least 2017.⁷⁶

70. Landlord Defendant **PRG Real Estate Management, Inc.** (“PRG”) is a Pennsylvania business corporation headquartered in Philadelphia, Pennsylvania. PRG is a multifamily property manager and owner of over 10,000 rental units within apartment communities throughout six states.⁷⁷ PRG is one of Yardi’s clients and began using its RENTmaximizer revenue management software in at least 2016.⁷⁸

71. Landlord Defendant **RAM Partners, LLC** (“RAM”) is a Georgia limited liability company headquartered in Atlanta, Georgia. RAM is a multifamily property manager, investor, and property owner of over 70,000 apartment communities across 21 states, including Georgia. RAM is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

72. Landlord Defendant **R.D. Merrill Real Estate Holdings, LLC** (hereafter referred to as “Pillar Properties”) is a Washington limited liability company headquartered in Seattle, Washington. Under the registered trade name “Pillar Properties,” R.D. Merrill manages 2,114 units.⁷⁹ Pillar Properties is one of Yardi’s clients and began using its RENTmaximizer revenue management software in at least 2016.⁸⁰

⁷⁵ Beztak Properties, *Beztak Corporate Brochure* (2022), <https://beztak.com/beztak-corporate-brochure/>.

⁷⁶ *Beztak Grows Rental Income with Yardi RENTmaximizer*, *supra* note 19.

⁷⁷ <https://www.prgrealestate.com/> (last visited May 2, 2024).

⁷⁸ *PRG Real Estate Increase Rental Income with Yardi RENTmaximizer*, *Business Wire* (Sept. 15, 2016), <https://www.businesswire.com/news/home/20160915005085/en/PRG-Real-Estate-Increases-Rental-Income-with-Yardi-RENTmaximizer>.

⁷⁹ <https://www.pillarproperties.com> (last visited Sept. 7, 2023).

⁸⁰ Yardi, *Pillar Properties on Elevate*, <https://www.yardi.com/about-us/success-stories/pillar-properties-on-elevate/>; Yardi, *Empowering Our Clients: Pillar Properties & RENTmaximizer* (Sept. 21, 2016), <https://www.facebook.com/Yardi/videos/empowering-our-clients-pillar-properties-rentmaximizer/1219283938135317/>.

73. Landlord Defendant **RPM Living, LLC** (“RPM”) is a Texas limited liability company headquartered in Austin, Texas. RPM is a multifamily property manager, investor and property owner of over 225,000 apartment units across 30 states, including the State of Washington. RPM is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

74. Landlord Defendant **Sentinel Real Estate Corporation** (“Sentinel”) is a New York corporation headquartered in New York, New York. Sentinel manages over 649 multifamily communities containing nearly 158,000 apartment units throughout the United States.⁸¹ Sentinel is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

75. Landlord Defendant **Singh Management Co., L.L.C.** (“Singh”) is a Michigan limited liability partnership headquartered in West Bloomfield, Michigan. Singh is a multifamily property manager and owner of 17 properties throughout Michigan, North Carolina, and Virginia.⁸² Singh is one of Yardi’s clients and began using its RENTmaximizer revenue management software in at least 2016.⁸³

76. Landlord Defendant **Southern Management Companies LLC** (“Southern Management”) is a Virginia corporation headquartered in McLean, Virginia. Southern Management owns 77 apartment communities with approximately 25,000 apartment homes in the Baltimore-Washington DC area.⁸⁴ Southern Management is one of Yardi’s clients and used RENTmaximizer revenue management software during the Relevant Time Period.

77. Landlord Defendant **Summit Management Services, Inc.** (“Summit”) is an Ohio corporation headquartered in Akron, Ohio. Summit manages over 4,000 units across the

⁸¹ <https://www.sentinelcorp.com/aboutus.aspx> (last visited Mar. 4, 2025).

⁸² <https://www.singhweb.com/about-us> (last visited May 2, 2024).

⁸³ *Singh management gains Revenue and Occupancy Growth with Yardi RENTmaximizer*, Business Wire (Feb. 23, 2016), <https://www.businesswire.com/news/home/20160223005007/en/Singh-Management-Gains-Revenue-and-Occupancy-Growth-with-Yardi-RENTmaximizer>.

⁸⁴ <https://www.southernmanagement.com/about/> (last visited Mar. 4, 2025).

country.⁸⁵ Summit is one of Yardi's clients and began using its RENTmaximizer revenue management software in at least 2012.⁸⁶

78. Landlord Defendant **The Habitat Company LLC** ("Habitat") is an Illinois limited liability company headquartered in Chicago, Illinois. Habitat manages over 58 apartment complexes in the Chicago area.⁸⁷ Habitat is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

79. Landlord Defendant **Towne Properties Asset Management Company, Ltd.** ("Towne") is an Ohio domestic for-profit corporation headquartered in Cincinnati, Ohio. Towne is a multifamily property manager and owner of more than 12,000 units within 98 properties throughout Ohio, Kentucky, Indiana, and North Carolina.⁸⁸ Towne is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

80. Landlord Defendant **Walton Communities, LLC** ("Walton") is a Georgia limited liability company headquartered in Atlanta, Georgia. Walton is a multifamily property manager, investor and property owner of over 30 properties throughout the State of Georgia. Walton is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

81. Landlord Defendant **Western National Securities d/b/a Western National Property Management** ("Western National") is a California corporation with its headquarters in Irvine, California. Western National is a multifamily property manager, investor and property owner of over 160 properties in California and Nevada. Western National is one of Yardi's clients and used RENTmaximizer revenue management software during the Relevant Time Period.

82. Landlord Defendant **Willow Bridge Property Company National d/b/a Lincoln Property Company** ("Lincoln") is a Texas limited liability company with its headquarters in Dallas, Texas. Lincoln is a multifamily property manager, investor and property owner of over

⁸⁵ <https://summitmanagementliving.com/> (last visited Sept. 7, 2023).

⁸⁶ *Yardi RENTmaximizer Gives Summit Management Services Inc. New Rental Pricing Insight*, Business Wire (January 31, 2012), <https://www.businesswire.com/news/home/20120131006159/en/Yardi-RENTmaximizer-Gives-Summit-Management-Services-Inc.-New-Rental-Pricing-Insight>.

⁸⁷ <https://www.habitat.com/management> (last visited Mar. 4, 2025).

⁸⁸ <https://www.towneproperties.com/> (last visited May 2, 2024).

1 180,000 apartment units in over 20 states, including the State of Washington. Lincoln is one of
2 Yardi's clients and used RENTmaximizer revenue management software during the Relevant
3 Time Period.

4 83. Landlord Defendant **Woodward Management Partners, LLC** ("Woodward") is a
5 Georgia limited liability company headquartered in Atlanta, Georgia. Woodward manages over
6 50 apartment complexes in five southeastern states, including Georgia, Tennessee, North
7 Carolina, and Florida.⁸⁹ Woodward is one of Yardi's clients and used RENTmaximizer revenue
8 management software during the Relevant Time Period.

9 **3. Co-Conspirators and Agents**

10 84. Co-conspirators John Does 1-100 are those property managers and/or owners who
11 are Yardi's clients and have used its RENTmaximizer revenue management software. Discovery
12 will reveal the identities of these entities, which are not known to Plaintiffs.

13 85. Defendants' officers, directors, agents, employees, or representatives engaged in
14 the conduct alleged in this Complaint in the usual management, direction or control of
15 Defendants' business or affairs.

16 86. Defendants are also liable for acts done in furtherance of the alleged conspiracy by
17 companies they acquired through mergers and acquisitions.

18 87. When Plaintiffs refers to a corporate family or companies by a single name in this
19 Complaint, they are alleging that one or more employees or agents of entities within that
20 corporate family engaged in conspiratorial acts on behalf of every company in that family. The
21 individual participants in the conspiratorial acts did not always know the corporate affiliation of
22 their counterparts, nor did they distinguish between the entities within a corporate family. The
23 individual participants entered into agreements on behalf of their respective corporate families. As
24 a result, those agents represented the entire corporate family with respect to such conduct, and the
25 corporate family was party to the agreements that those agents reached.

26
27
28 ⁸⁹ <https://woodwardmgt.com/>; <https://woodwardmgt.com/communities/> (last visited Mar. 4, 2025).

88. Each of the Defendants acted as the agent of, co-conspirator with, or joint venture partner of the other Defendants and co-conspirators with respect to the acts, violations, and common course of conduct alleged in this Complaint. Each Defendant or co-conspirator that is a subsidiary of a foreign parent acted as the United States agent when agreeing to use Yardi RENTmaximizer at multifamily rental properties managed in the United States.

III. JURISDICTION AND VENUE

89. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1337, as this action arises out of Section 1 of the Sherman Antitrust Act (15 U.S.C. § 1) and Sections 4 and 16 of the Clayton Antitrust Act (15 U.S.C. §§ 15 and 26).

90. This Court has personal jurisdiction over Defendants under Section 12 of the Clayton Act (15 U.S.C. § 22), Federal Rule of Civil Procedure 4(h)(1)(A), and Washington's long-arm statute, the Revised Code of Washington § 4.28.185.

91. Defendants, directly or through their divisions, subsidiaries, predecessors, agents, or affiliates, engage in interstate commerce in the sale of multifamily residential real estate leases.

92. Venue is proper in this District pursuant to Section 12 of the Clayton Act (15 U.S.C. § 22) and the federal venue statute (28 U.S.C. § 1391), because one or more Defendants maintain business facilities, have agents, transact business, and are otherwise found within this District and certain unlawful acts alleged herein were performed and had effects within this District.

IV. FACTUAL BACKGROUND

A. Yardi's RENTmaximizer is widely used in the national multifamily rental market to set lessors' prices.

93. Defendant Yardi Systems, Inc. ("Yardi") develops, sells, and supports real estate investment management and property management software. Its clients are managers of residential rental apartments, to which it offers products for, among other things, managing operations, executing leases, running analytics, and providing various resident and tenant services.

94. Yardi was founded in 1984. That same year, Yardi created “Basic Property Management” software for the Apple II computer.⁹⁰ Since that time, Yardi has developed a widely used property management software, Yardi “Voyager,” that allows multifamily residential property managers to “[c]entralize operational, financial, leasing, and maintenance management . . . in a single database,” as well as handle “marketing, screening, insurance, revenue management, business intelligence, and more[.]”⁹¹ It “offers unrivaled solutions for residential property management, built into a single, mobile software platform.”⁹²

95. Yardi advertises its Voyager software as the “most advanced and widely adopted residential property management [software as a service⁹³] platform with built-in accounting, real-time performance analysis and complete mobility.”⁹⁴

96. Yardi’s dominance in the property management software market is reflected in the fact that Yardi has been sued by multiple rivals for monopolization in that market. In 2011, RealPage, a company that also provides various property management services, asserted counterclaims against Yardi for Yardi’s attempts to use its dominant position over Voyager software users to coerce them into signing contracts that prevent Voyager users from using competitors’ products.⁹⁵ Real Page stated that Yardi had a dominant market position in the property management software market due to the “widespread adoption of its Voyager software,”

⁹⁰ Yardi, *Leadership Team*, <https://www.yardi.com/about-us/leadership-team/> (last visited Sept. 7, 2023).

⁹¹ See Yardi, *Voyager Residential*, <https://www.yardi.com/products/yardi-voyager-residential/> (last visited Sept. 7, 2023).

⁹² Yardi, *Voyager*, <https://www.yardi.com/products/yardi-voyager/>.

⁹³ “Software as a service” (“SaaS”) is a “cloud based software delivery model that allows end users to access software applications over the internet” via remote servers (e.g., via a web browser or mobile app) rather than requiring that the software be downloaded and installed. See Salesforce, *What is SaaS?*, <https://www.salesforce.com/in/saas/> (last visited Sept. 7, 2023). Yardi transitioned Voyager to a SaaS model in approximately 2012. See Yardi, Press Release, *Yardi Announces Voyager SaaS and Private Cloud Solutions* (Mar. 22, 2012), <https://www.yardi.com/news/yardi-announces-voyager-saas-and-private-cloud-solutions/>.

⁹⁴ Yardi, *Voyager Residential*, <https://www.yardi.com/products/yardi-voyager-residential/> (last visited Sept. 7, 2023). Yardi also makes a separate program for multifamily property managers, Yardi “Elevate,” that it advertises as an “all-in-one solution for asset management . . . designed for CEOs, COOs, asset managers, and other operational managers.” See Yardi, *Why Elevate?*, <https://www.yardielevate.com/why-yardi-elevate/> (last visited Sept. 7, 2023).

⁹⁵ RealPage, Inc.’s Opp’n to MTD, *Yardi Systems, Inc. v. RealPage, Inc.*, No. CV11-690 ODW (C.D. Cal. 2011).

1 and the massive costs associated with transferring data and information Yardi users would incur if
 2 they choose to switch software. RealPage explained that the high switching costs that Yardi
 3 Voyager users face have effects beyond users themselves:

4 Many large institutional property owners and investors do not
 5 manage properties themselves, but instead hire professional
 6 property management firms to manage their properties for a fee
 7 (“fee managers”). These institutional owners and investors
 8 frequently use Yardi’s Voyager Back Office Accounting Software
 9 themselves in order to monitor their investments. To ensure that they
 10 maintain a single system of record throughout their portfolio, these
 11 institutional owners and investors often require their fee managers
 12 to also use Yardi’s Voyager Back Office Accounting Software.
 13 Once these fee managers adopt Yardi’s Voyager Back Office
 14 Accounting Software, they face two layers of lock-in: lock-in due to
 15 switching costs, and lock-in because the institutional owners are
 16 themselves locked into the use of Voyager Back Office Accounting
 17 Software and mandate that their fee managers use it as well. Thus, a
 18 fee manager that wishes to stop using Voyager Back Office
 19 Accounting Software faces two virtually insurmountable obstacles:
 20 (1) switching costs that would take years to recoup, and (2) a
 21 significant loss of business from institutional owners and investors
 22 that are, themselves, locked-in to using Voyager Back Office
 23 Accounting Software and will not work with fee managers who do
 24 not also license and use Voyager Back Office Accounting Software.
 25 The effects of this double lock-in problem on fee managers are
 26 pronounced. To illustrate, when looking at the total number of
 27 apartment units managed by the top 50 property managers, over
 28 75% of those that are fee managed (over 1.1 million units) are
 managed using Yardi’s Voyager Back Office Accounting Software.
 Yardi’s dominance is even more apparent when looking at the total
 number of apartment units managed by the top 25 property
 managers (those most likely to fee manage for major institutional
 property owners): among that subset, over 90% of those units that
 are fee managed are managed using Yardi’s Voyager Back Office
 Accounting Software.⁹⁶

97. In 2015, Entrata, a company that also provides various property management
 services, brought antitrust claims against Yardi for monopolization. Entrata stated that Yardi has
 been a dominant provider of residential property management software and was used by in excess
 of 60% of the multifamily housing industry.⁹⁷ As of 2016, more than eight million residential
 units were managed using Yardi software, and more than 1,650 property management customers

⁹⁶ RealPage Inc’s Second Amended Counterclaim, ¶ 26, *Yardi Systems, Inc. v. RealPage, Inc.*, No. CV11-690 ODW (C.D. Cal. 2011).

⁹⁷ Plaintiff’s First Amended Complaint, ¶ 24, *Entrata v. Yardi Systems*, No. 2:15-cv-00102-CW (D. Utah 2015).

are using Yardi Voyager 7S.⁹⁸ Those numbers are likely far higher today: an October 31, 2023 press release states that Yardi has “over 15 million units on its platform.”⁹⁹

98. In 2011, Yardi launched a new “revenue management system” integrated into the Yardi Voyager platform called “Yardi RENTmaximizer.”¹⁰⁰ According to a press release announcing its release, RENTmaximizer was a tool intended to “automate[] the rental pricing process” and help “multifamily property managers maximize rental income” by “increasing a multifamily property owner’s revenue by 3 to 6 percent”¹⁰¹—that is, RENTmaximizer effectively transfers the management of rental pricing from a landlord to Yardi itself. Specifically, the press release explained that RENTmaximizer:

helps apartment owners and managers set prices directly from the trends of supply, demand and market conditions (i.e., market comparisons). Using pricing algorithms, this holistic trends-and-rules-based model helps multifamily property managers maximize rental income and occupancy by pricing each new and renewal lease for maximum revenue. Yardi RENTmaximizer also provides complete transparency into how the price was determined to further facilitate the leasing process.¹⁰²

99. According to Dharmendra Sawh, one of two experts Yardi had then recently hired to help launch RENTmaximizer, RENTmaximizer represented Yardi’s attempt to make “automated rental pricing a key element of the [Yardi] platform.”¹⁰³ Similarly, in a 2016 press release announcing one lessor’s (the Rockbridge Group) adoption of RENTmaximizer, Terri Downen, then Yardi’s senior vice president of sales, explained that “[b]y automating rental pricing that factors in portfolio and market data, RENTmaximizer not only improves rental income while maintaining occupancy, it simplifies the process by eliminating rent rate guesswork and traditional sales devices such as concessions and specials.”¹⁰⁴

⁹⁸ *Id.* ¶ 18.

⁹⁹ Yardi, *Yardi Announces the Elimination of ACH Rent Payment Fees* (Oct. 31, 2023), <https://www.yardi.com/news/press-releases/yardi-announces-the-elimination-of-ach-rent-payment-fees/> (last visited Nov. 2, 2023).

¹⁰⁰ *Yardi Adds Two Revenue Management Experts to its Yardi RENTmaximizer Team*, *supra* note 5.

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *See Rockbridge Group*, *supra* note 6.

100. In a since-deleted post from 2015 on its corporate blog, Yardi elaborated on the importance of automated pricing, posing the rhetorical question: “If you have to approve prices from your pricing technology, do you really have a pricing system?” It went on to note that “[o]ne of the fundamental design elements of the Yardi RENTmaximizer™ revenue management system is to remove the need for human intervention wherever possible. The revenue manager support team has many configuration options at its disposal in order to establish a performance level that meets the strategic objectives for pricing your property.” Another portion of the post elaborates further:

Efficiency Through Technology

Technology is supposed to make us more efficient in how we apply our expensive human labor. When you pay double for technology plus for someone to approve that technology’s output, you are not getting efficiency out of the technology. This is akin to a pilot having to approve the actions of the autopilot prior to the autopilot making the adjustments. While the pilot should check the overall progress of the autopilot once in a while to make sure things stay on track, requiring constant supervision and approval makes no sense.

We encourage our clients to be actively engaged in their pricing activity. We think it is critical for a person to keep watch over any automated system to ensure that its inputs are in line with the pricing strategy for a property. However, we do not believe it is an efficient use of a person’s time to be trained or to have to keep up to date with the technical nuances and options the technology uses to convert the strategic vision into actual pricing action. That is why Yardi supplies a technical specialist who is well-versed in the pricing engine technology. We feel that our clients’ time is more valuable in making sure the overall pricing activity supports the company’s business objectives.¹⁰⁵

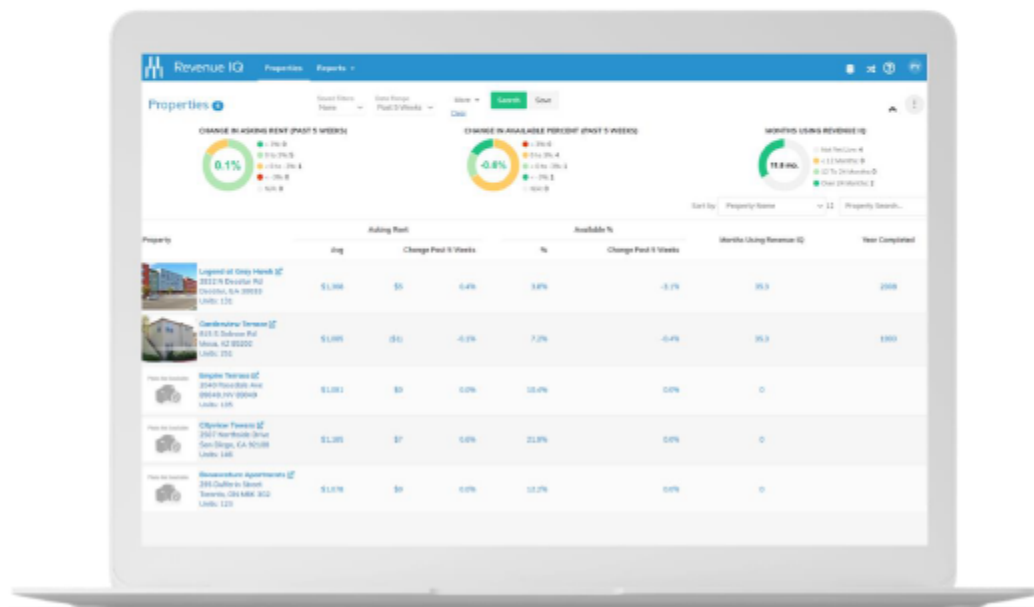
¹⁰⁵ Yardi, *The RENTmaximizer Pricing System: Establishing an Automated Pricing System* (Mar. 1, 2015), available at <https://web.archive.org/web/20210302112741/https://www.yardi.com/blog/uncategorized/the-rentmaximizer-pricing-system/12666.html>.

101. Yardi continues to emphasize the automated nature of the pricing adjustments provided by RENTmaximizer. For example, in a private 2023 presentation to a potential client, Yardi touted that the software “automates profitable decision-making across your organization” while providing “full visibility into . . . your competitive position in the market”:

Yardi Revenue IQ

Get better results with Yardi Revenue IQ. Built into your Yardi platform, this dynamic revenue management system optimizes revenue by pricing leases using the balance between your real-time inventory, traffic, and market conditions. Yardi Revenue IQ creates full visibility into your rent movement, financial and operational performance, and your competitive position in the market. It automates profitable decision-making across your organization.

Market economic data and automated market surveys improve pricing decisions. You can benchmark results against market and submarkets and compare occupancy trends with the market. Dedicated support from an experienced revenue manager ensures your success.



102. On information and belief, RENTmaximizer is today widely used throughout the United States to set multifamily rental prices. In 2013, for instance, Dharmendra Sawh (then Yardi’s “principal for revenue management”) stated publicly that RENTmaximizer was used to price 8 million residential units around the world.¹⁰⁶ Two years later, in a now-deleted blog post on Yardi’s website, Yardi staff wrote that “Yardi RENTmaximizer was quickly adopted by Yardi

¹⁰⁶ Nelson, *supra* note 29.

clients from the beginning” and that “its adoption rate continues to grow exponentially,” and identified six exemplar markets (Northern Virginia, North Dallas, West Houston, Denver, Phoenix, and Orange County) “in which a significant number of properties use Yardi RENTmaximizer.”¹⁰⁷

103. As a recognized “market leader in real estate technology,”¹⁰⁸ it is reasonable to believe that RENTmaximizer is used far more widely today. By contrast, in September 2020, Yardi’s leading competitor RealPage—which also makes a product that automatically sets residential real estate lease prices—claimed that its own revenue management software was used to set the price for “over four million [multifamily] units.”¹⁰⁹ Consistent with this, CW 7, who worked at Yardi between 2019 and 2021 as a senior account executive, stated that she saw clients moving from RealPage’s YieldStar product to RENTMaximizer during her time at Yardi, and that RENTMaximizer “performed equally as well as our competitors” from a sales perspective, according to the reports Yardi’s marketing team shared internally.

104. According to Yardi’s publicly available promotional materials, a key input to RENTmaximizer’s pricing algorithm, or “engine,” is competitor pricing data. Specifically, RENTmaximizer asks users to input their data, such as rental rates and occupancy, into its system; meanwhile, the system automatically incorporates market-specific information on “comparative rent” to, in Yardi’s words, give users “accurate and timely information regarding your market—including every comp and how you compete”¹¹⁰—or what it also calls “complete visibility,” including “performance benchmarking” “compared to the market, submarket, and competition”:

¹⁰⁷ Yardi, *Yardi RENTmaximizer Market Analysis: 2013 Performance Results*, The Balance Sheet: Yardi Corporate Blog (Mar. 1, 2015), available at <https://web.archive.org/web/20210302115856/https://www.yardi.com/blog/uncategorized/yardi-rentmaximizer-market-analysis/12670.html>.

¹⁰⁸ Redirect Consulting, *The Year in Yardi: 2017 Edition*, https://www.redirectconsulting.com/hubfs/eBooks/2017/yardi%202017/redirect_ebook_This-Year-in-Yardi_2018-06-27.pdf (last visited Sept. 7, 2023).

¹⁰⁹ Lyman, *supra* note 30.

¹¹⁰ *Yardi Elevate*, *supra* note 10.

YARDI RENTMAXIMIZER

Increase rental income and improve occupancy with a dynamic revenue management system built into Yardi Voyager and Asset IQ. Designed to optimize revenue by pricing leases using the balance between your real-time inventory, traffic and market conditions from Yardi Matrix, RENTmaximizer provides complete visibility into your rent movement and your financial and operational performance. RENTmaximizer is intuitive and reacts to other operational activities, from site improvements to marketing. Get accurate and timely information regarding your market – including every comp and how you compete.



RENTmaximizer allows for fast adjustment to market conditions and changes in your inventory and traffic – while adjusting for cost constraints such as vacancy loss, turnover costs, inventory hold days and lease expiration management.

COMPLETE VISIBILITY

RENTmaximizer provides holistic revenue intelligence for your operations team. With this transparent system you'll see everything from rental rates and occupancy data to property performance benchmarking (compared to the market, submarket and competition). Prospects and residents will gain various pricing options, while your managers will enjoy greater confidence that you are delivering the best possible rental prices.

BETTER RESULTS

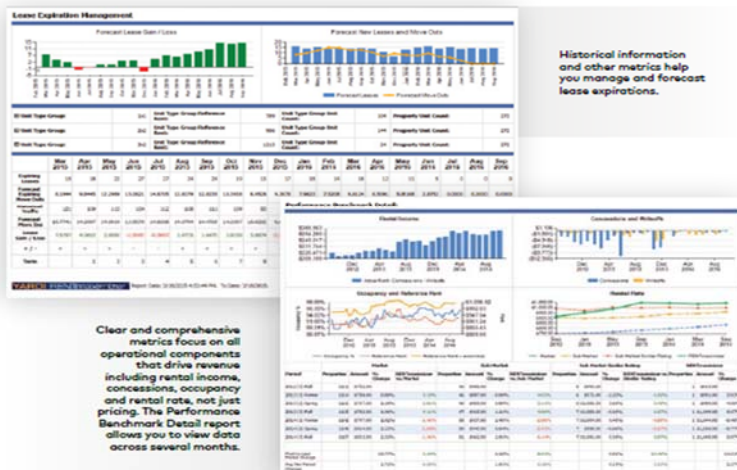
This intuitive, transparent pricing system empowers your sales force, provides clear and comprehensive reporting and promotes adoption throughout your organization. Leases are priced by the system daily, which allows for fast adaptation to market conditions and changes in your inventory and traffic, while adjusting for cost constraints such as vacancy loss, turnover costs, inventory hold days and lease expiration management.

BETTER SERVICE

You manage your business, we manage your pricing. Only Yardi provides you with a dedicated revenue manager with valuable industry experience along with your revenue management software. Your dedicated revenue manager will get to know your business processes, assets and goals to provide superior support and will work with you to maximize your returns. And as a RENTmaximizer client, you'll receive this service and training continuously to promote ongoing success.



RENTmaximizer provides total visibility into your vacancy forecast.



Historical information and other metrics help you manage and forecast lease expirations.

KEY FEATURES

- Industry benchmarking data provides complete visibility for more successful pricing
- Multiple pricing options fit customer needs and address fair housing concerns
- Predictable daily pricing allows for fast adjustment to market conditions and your inventory
- Analytical reporting provides complete intelligence on components that drive maximum revenue
- Superior service and ongoing training from experienced revenue managers

MARKET INTELLIGENCE

Yardi Matrix provides nationwide intelligence on markets, submarkets, competition, developments, rents, occupancy and more. This data delivers accurate indicators of economic trends and performance and helps you price apartments profitably. When this market-specific data is incorporated with your RENTmaximizer data, you can accurately benchmark performance and factor it into rent projections and calculations which enhances your revenue management strategy and helps boost the performance of individual assets.





105. Leveraging data gathered from RENTmaximizer users as well as comparative rent, RENTmaximizer’s rental pricing algorithm then calculates a “rent recommendation” that users can—and are encouraged to—automatically adopt. These prices are updated “daily.” In an alternative version of the same presentation above available on Yardi’s website, Yardi prominently advertises that RENTmaximizer’s “pricing engine” operates on a positive “feedback loop” that allow users to “beat the market by a minimum of 2%” and “gain[] on average more than 6% net rental income”¹¹¹:

Better Results

Clients using RENTmaximizer have gained on average more than 6% net rental income growth while improving occupancy. And, RENTmaximizer properties consistently beat the market by a minimum of 2%. This intuitive, transparent pricing system empowers your sales force, provides clear and comprehensive reporting and promotes adoption throughout your organization. Leases are priced by the system daily, which allows for fast adjustment to market conditions and changes in your inventory and traffic, while adjusting for cost constraints such as vacancy loss, turnover costs, inventory hold days and lease expiration management.

¹¹¹ *Yardi Multifamily Suite*, *supra* note 8.

106. Similarly, in a 2018 press release, Yardi noted that its pricing algorithm generates rents that “maximize rental income” for a user (including Landlord Defendants),¹¹² and that its process is “transparent” to property managers so that “they can understand what factors are influencing pricing.”¹¹³ Other Yardi promotional materials also emphasize the extent to which Yardi gives its clients access and insight into competitor data. For example, a separate 2017 Yardi press release touts the fact that RENTmaximizer “lets clients know their markets in real time, including how they compare with competing communities”:

Yardi RENTmaximizer helps clients drive revenue with clear, comprehensive metrics focusing on operational components including rental income, concessions, occupancy and rental rates — not just pricing. The system tracks rent movement and lets clients know their markets in real time, including how they compare with competing communities.

According to Sarah Oglesby-Battle, executive vice president of Beztak’s management division, “In the last 12 months, we’ve grown to over 17,000 multifamily units under management. With RENTmaximizer, we have a dynamic system that pushes rents without sacrificing occupancy, which gives our staff confidence. With automated pricing, RENTmaximizer eliminates the fear factor of exposure that is a natural concern for property and regional managers. RENTmaximizer factors in historical and relevant data to assure us that we will get the traffic and leases we need to meet our revenue goals.”¹¹⁴

107. A 2018 post discussing lessor DEELS Properties’ “significant rental income games” as a result of RENTmaximizer use also emphasizes that Yardi’s prices take into account “competitor rates”:

Having a mathematical process that determines and adjusts prices based on real data and ever-changing market conditions was critical for DEELS. According to Hameiri, DEELS now adjusts prices daily based on a set of criteria and formulas that streamline the process. *The result is up-to-date prices that take into consideration supply*

¹¹² *DEELS Properties Gets Results with Yardi RENTmaximizer*, Business Wire (Feb. 26, 2018), <https://www.businesswire.com/news/home/20180226005236/en/DEELS-Properties-Gets-Results-with-Yardi-RENTmaximizer>.

¹¹³ *Id.*

¹¹⁴ *Beztak Grows Rental Income with Yardi RENTmaximizer*, *supra* note 19.

and demand broken down by traffic, competitor rates, vacancies and notices.¹¹⁵

108. A publicly available Yardi user manual created by property manager Towne Properties indicates how RENTmaximizer is used in practice to automatically set prices.¹¹⁶ The manual explains that, to set price for a unit, a property manager needs to enter a specific move-in time frame and lease term into the RENTmaximizer system, and the system will populate the “best price” for that selected unit. It’s as simple as Yardi’s official brochure put it: “You manage your business, we manage your pricing.”

RENT MAXIMIZER PRICING REPORT

1. From your Dashboard Home page, click on Reports > RENTmaximizer > RENTmaximizer Revenue Management Reports.

The screenshot shows the RENTmaximizer dashboard. On the left is a navigation menu with options: Roles, Analytics, Reports, Residents, Renters Insurance, Unit Pricing, and Revenue Management. The 'Reports' section is expanded, showing 'Property', 'Property - Residential', 'RENTmaximizer', and 'Market Survey'. The 'RENTmaximizer' option is selected, and a sub-menu is shown with 'RENTmaximizer Revenue Management Reports' and 'RENTmaximizer Phase Revenue Management Reports'. On the right, the 'Unit Status' report is displayed, showing metrics: Move In (0), Move Out (0), Total Units (0), Leased Units (0), Occupied Unit (0), and Available Unit (22).

2. Select the Unit Best Price Listing Report, choose your Property and select today's date – Click View Report.

The screenshot shows the 'Unit Best Price Listing' report for Property 0277 - Monmouth Row for 4/18/2018. The report includes a table with columns: Unit, Unit Type, Description, Unit Status, Available Date, Date Vacant, Amenities, Best Price, Term, and Move In Date Range. The table lists three units: 111D, 112G, and 113C. Unit 111D is a 2 bed - 2 bath unit, Unit 112G is a 1 bed - 1 bath unit, and Unit 113C is a 1 bed - 1 bath unit. All units are 'Vacant Unrented Ready' and have an 'Available Date' of 'Now'. The 'Best Price' for Unit 111D is \$1531, for Unit 112G is \$1063, and for Unit 113C is \$1038. The 'Term' for all units is 18 months, and the 'Move In Date Range' is from 4/18/2018 to 5/1/2018.

3. This will populate the Best price (with the specific move in time frame and lease term). If your prospect is looking for a different move in date or different lease term, just click on the monthly rent amount, and that will populate all your options for that specific unit.

109. Similarly, other slides in the presentation indicate that, unless overridden, “property pricing is *controlled* by” RENTmaximizer:

¹¹⁵ Noam Hameiri, *Pricing That Wins – Interview*, LinkedIn (June 29, 2018), <https://www.linkedin.com/pulse/pricing-wins-interview-noam-hameiri-mba/> (emphasis added).

¹¹⁶ See Towne Properties Yardi Manual, available at <https://docplayer.net/186429673-Towne-properties-yardi-manual.html> (last visited Sept. 7, 2023).

Renewal Proposal Filter

Property pricing is controlled by Revenue Management.

Product List 0092

Agent Arielle Curry

Batch Description JenniferMason@tovineproperties.com - 8/2/2019 5:41:17 AM

Unit Type

Unit

Resident

Status Current, Eviction, Notice

Lease Expiration 11/01/2019 11/30/2019

Include MTM? Exclude

Include Specials?

Update Rentable Items to Market Rent? No

Proposal Exp. Date 08/31/2019

Submit Help

110. Public statements by other property managers indicate that RENTmaximizer is commonly used to fully automate pricing, consistent with Yardi's public statements and marketing materials. For example:

- Jennifer van Arcken, director of information systems for lessor BSR Trust, stated in a 2012 press release that with RENTmaximizer, "all [property managers] have to do is enter some market study data every month, and RENTmaximizer does the rest."¹¹⁷ According to the press release, revenue across BSR Trust's 7,000 units increased by 3.34% after RENTmaximizer was implemented, and RENTmaximizer "improved business performance" by, among other things, "eliminating concessions":

Yardi RENTmaximizer also improves BSR Trust's business performance by eliminating concessions, reducing bad debt and increasing occupancy. "By giving us the market rate for every unit, RENTmaximizer eliminates guesswork by our property managers," van Arcken said. "It also reduces incentive for residents to sign a lease just to get a move-in special, then leave soon after. Furthermore, we're signing more leases for 15 months rather than the usual 12 months, meaning that high-quality residents are here for the long haul."

¹¹⁷ *BSR Trust LLC Increases Rental Income with Yardi RENTmaximizer*, Business Wire (July 19, 2023), <https://www.businesswire.com/news/home/20120719006370/en/BSR-Trust-LLC-Increases-Rental-Income-with-Yardi-RENTmaximizer>.

- 1 • Amanda McHugh, training and development manager of lessor Rockbridge Group, stated
2 in a 2016 press release that Rockbridge’s adoption of RENTmaximizer allowed it to “take
3 the guesswork out of pricing” and “eliminate[] all concessions and specials.”¹¹⁸ As a
4 result, Rockbridge “achieved an average 48% increase in gross potential rent.”¹¹⁹
- 5 • Ryan Kissell, controller of lessor Summit Management Services, stated in a 2012 press
6 release that “RENTmaximizer’s automated pricing matrix has allowed us to eliminate
7 concessions.”¹²⁰
- 8 • A February 5, 2014 article reports that the “revenues” of McCaffery Interests Inc., a
9 Chicago-based real estate developer, “have been boosted by Yardi RENTmaximizer,
10 which automates the process of calculating best rents.” In the article, Yvonne Jones,
11 McCaffery’s managing director of asset and property management, stated:
12 “RENTmaximizer has pushed our site teams to think more about pricing and occupancy.
13 We’re pricing on a daily basis, whereas before we might have looked at pricing only
14 quarterly and not adjusted to increased traffic coming to the property We expect that
15 by the end of 2013 we will increase our revenues by at least 2% by having
16 RENTmaximizer in place.”¹²¹

17 111. Finally, Landlord Defendants and Yardi appear to collectively monitor and enforce
18 compliance with Yardi’s automated pricing. Specifically, Yardi promotional materials state that
19 Yardi provides its RENTmaximizer users with “dedicated revenue managers” who regularly meet
20 and communicate with property managers regarding their pricing improvements advice to
21 “maximize returns”¹²²:

22
23
24 ¹¹⁸ *Id.*

25 ¹¹⁹ *See Rockbridge Group, supra* note 6.

26 ¹²⁰ *Yardi RENTmaximizer Gives Summit Management Services Inc. New Rental Pricing Insight, supra*
note 86.

27 ¹²¹ *McCaffery Interests Leverages Yardi’s Single-Platform Approach for Efficient Property*
Management, FM Link (Feb. 5, 2015), [https://www.fm.link.com/articles/mccaffery-interests-leverages-](https://www.fm.link.com/articles/mccaffery-interests-leverages-yardis-single-platform-approach-for-efficient-property-management/)
[yardis-single-platform-approach-for-efficient-property-management/](https://www.fm.link.com/articles/mccaffery-interests-leverages-yardis-single-platform-approach-for-efficient-property-management/).

28 ¹²² *Yardi Multifamily Suite, supra* note 8.

Better Service

You manage your business, we manage your pricing. Only Yardi provides you with a dedicated revenue manager with valuable industry experience along with your revenue management software. Your dedicated revenue manager will get to know your business processes, assets and goals to provide superior support and will work with you to maximize your returns. And as a RENTmaximizer client, you'll receive this service and training continuously to promote ongoing success.

112. Consistent with this, Terri Downen, senior vice president of sales for Yardi, stated in a 2017 press release that “[p]roperty managers are guided to pricing that meets business goals, with the support of a dedicated revenue manager included with our solution.”¹²³

113. Similarly, CW 7, who worked at Yardi between 2019 and 2021 as a senior account executive, stated that Yardi provided revenue managers to each client that purchased RENTmaximizer, and working with a revenue manager did not cost extra. Yardi revenue managers “basically went through all your properties and rates” and “helped set some limits.” Yardi revenue managers met with clients monthly to conduct a “pretty thorough review” of how clients were using the product and whether it was working for them, CW 7 explained. Although the type of employee at the client company with whom Yardi revenue managers communicated varied based on the client, with larger clients, it was typically a revenue manager, CW 7 said.

114. Lessors have indicated in public statements that Yardi’s pricing advisors are intimately involved in their business operations. Noam Hameiri, senior vice president of operations at lessor DEELS Properties, stated in a 2018 article that “the extensive reporting and the weekly phone call with our dedicated RENTmaximizer expert are some of the best parts of the system.”¹²⁴ Adam Goldfarb, vice president for lessor Manco Abbott, stated in a 2015 press release that “[h]aving a dedicated revenue manager working with us from the Yardi RENTmaximizer team is a huge benefit. If our staff or property owners question any of our rates, we have our Yardi RENTmaximizer expert who can dig deeper to support our pricing—and that gives our

¹²³ *Beztak Grows Rental Income with Yardi RENTmaximizer*, *supra* note 19.

¹²⁴ Hameiri, *supra* note 115.

organization and clients great confidence.”¹²⁵ A 2016 press release describing lessor Singh Management’s use of RENTmaximizer likewise states that “[a]s part of using RENTmaximizer, Singh is provided a dedicated Yardi RENTmaximizer analyst. Regular meetings between the analyst and Singh’s onsite staff and regional managers provide expert insight and valuable advice where pricing improvements can be made.”¹²⁶

B. Yardi and Landlord Defendants conspired to eliminate competition by outsourcing independent pricing and supply decisions to RENTmaximizer.

115. In a competitive market, property managers in the multifamily market price rents independently based on their own assessment of how best to compete with other properties—for example, by offering concessions, specials, or otherwise lowering rents.

116. As Yardi has acknowledged, competitive pressures effectively affect strategies employed by owners to optimize income.¹²⁷ When demand fell during COVID-19, for example, “to maintain occupancy rates,” apartment owners employed strategies including “rolling over leases with no bump in rent and increasing use of concessions, mainly by offering periods of free rent.”¹²⁸ This emphasis on maintaining occupancy rates, instead of rental prices, makes economic sense because every day a unit is left empty is, in a competitive market, a financial loss to property owners.

117. In addition, without knowing their competitors’ pricing strategies, property management companies usually need to make a judgment call and set their prices within a range that optimizes their competitive position in attracting renters. Offering lower rates and concessions are among the most effective ways to win over the race. In other words, without collusion, a property manager could not unilaterally raise rents above market rates because doing

¹²⁵ *Manco Abbott Inc. Achieves Rental Growth, Gains Expert Pricing Insight with Yardi RENTmaximizer*, *supra* note 14.

¹²⁶ *Singh Management Gains Revenue and Occupancy Growth with Yardi RENTmaximizer*, *supra* note 83.

¹²⁷ Yardi Matrix, Bulletin, *The Rise and Fall of Concessions: Is the Market Resetting?* (Jan. 2021), available at <https://www.yardimatrix.com/Publications/Download/File/1190-MatrixMultiFamilyConcessionsBulletin-January2021>.

¹²⁸ *Id.*

1 so would result in tenants lost to competitors (who offered market rates). With collusion,
2 however, this competition is avoided.

3 118. To lessen competition for renters, Yardi and Landlord Defendants came up a new
4 strategy: collectively adopt a coordinated pricing software implemented and enforced by Yardi
5 through RENTmaximizer. The software facilitates pricing collusion by—in the words of Yardi’s
6 own senior vice president of sales, Terri Downen—“eliminating rent rate guesswork and traditional
7 sales devices such as concessions and specials,”¹²⁹ and consequently increasing prices for
8 Landlord Defendants regardless of market conditions. What Ms. Downen describes is the
9 elimination of a pricing strategy characteristic of a competitive multifamily rental market.

10 119. Specifically, Landlord Defendants agree to provide their competitively sensitive
11 data to RENTmaximizer with the understanding that such data will be shared with competitors.¹³⁰
12 Yardi also proudly advertises that its database provides nationwide “clear and comprehensive”
13 metrics on “markets, submarkets, competition, developments, rents, occupancy and more.”¹³¹
14 Such market-specific metrics then incorporate the data an individual RENTmaximizer user enters
15 in the system, which enables Landlord Defendants to “accurately benchmark performance.”¹³² As
16 explained in a 2017 Yardi press release, with real-time access to competitors’ nonpublic data,
17 Yardi RENTmaximizer “lets clients know their markets in real time, including how they compare
18 with competing communities.”¹³³

19 120. This strategy also allows landlords to de-prioritize their traditional focus on
20 maintaining occupancy rates, the hallmark of a competitive market. In a now-deleted 2014 post
21 on Yardi’s blog titled “Revolutionary Revenue,” in which Yardi boasted about RENTmaximizer’s
22 market-beating results, Yardi recapped a July 2014 meeting at which Dharmendra Sawh (then
23 Yardi’s “principal for revenue management”):

24
25 ¹²⁹ See *Rockbridge Group*, *supra* note 6.

26 ¹³⁰ As discussed below, CW 6 stated that all Yardi clients – or Voyager clients – contractually agree to
share pricing and occupancy data with Yardi and to allow Yardi to use “aggregated data” as part of Matrix
and RENTMaximizer.

27 ¹³¹ *Yardi Elevate*, *supra* note 10.

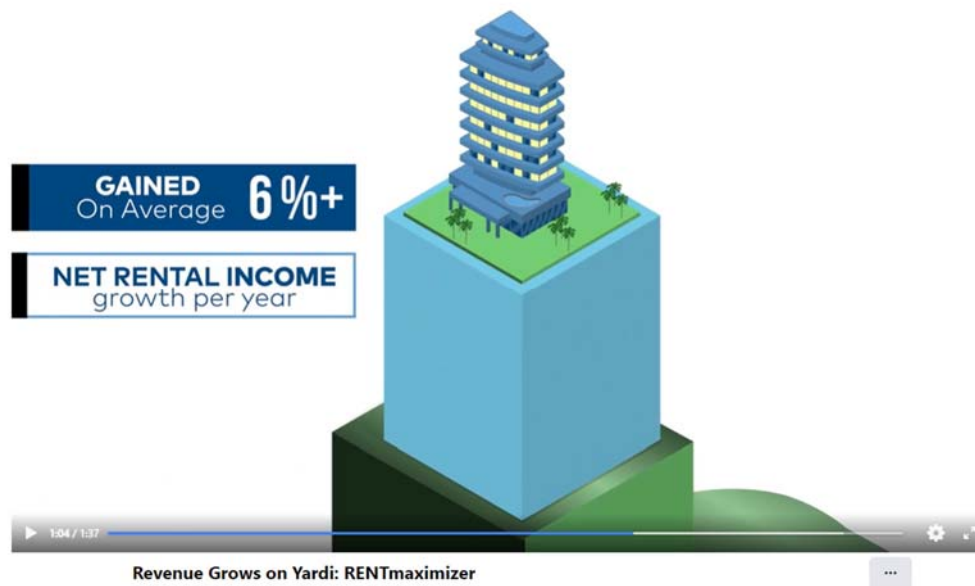
28 ¹³² *Id.*

¹³³ *Beztak Grows Rental Income with Yardi RENTmaximizer*, *supra* note 19.

addressed the Canadian Federation of Apartment Associations' Rental Housing Conference 2014 in Vancouver, British Columbia with an introduction to revenue management and opportunities for its use in Canadian markets. In September 10, he'll speak on a panel at the Canadian Apartment Investment Conference in Toronto, Ontario.

*"In addition to government regulation, Canadian apartments are typically run with very high occupancy rates. It may require a change in mentality, but there are some real opportunities to realize rent gains with the use of a revenue management solution," Sawh said.*¹³⁴

121. Remarkably, Yardi's own promotional materials emphasize, as noted above, that Yardi allows RENTmaximizer users to "*beat the market.*" And more broadly, Yardi prominently advertises RENTmaximizer, and its automatic pricing algorithm, as a means to achieve supracompetitive rent growth. A 2017 promotional video states, for example, that "revenue grows on Yardi" and that (consistent with other marketing materials) clients using RENTmaximizer "have gained on average more than 6% net rental income growth"¹³⁵:



¹³⁴ Leah Etling, *Revolutionary Revenue: Market Data Insight* (Aug. 27, 2014), The Balance Sheet: Yardi Corporate Blog, available at <https://web.archive.org/web/20140908043659/https://www.yardi.com/blog/news/revolutionary-revenue/11339.html> (emphasis added).

¹³⁵ *Revenue Grows on Yardi: RENTmaximizer* (video), *supra* note 7.

122. While discovery will reveal the specific identities and roles of all relevant participants, Yardi has operated this scheme through high-ranking personnel, including Dharmendra Sawh, Yardi's "Industry Principal" for revenue management¹³⁶ and Terri Downen, Yardi's senior vice president of sales. Both Sawh and Downen heavily promoted RENTmaximizer and its impact on pricing and profitability for Landlord Defendants. According to CW 6, the sales team selling RENTmaximizer was a small group with little turnover and included, among others, Jeffrey W. Adler, Vice President of Yardi Matrix.

123. Lessors have publicly praised, consistent with Ms. Downen's comments, the fact that Yardi liberates them from the traditional and legal forms of competition found in a competitive market (e.g., discounts and concessions) and allows them to raise prices. In other words, by agreeing to implement and abide by a single, common pricing algorithm that incorporates shared competitively sensitive information provided by Landlord Defendants, RENTmaximizer provides Landlord Defendants with the confidence, or "discipline," to inflate rents without fearing such pricing strategy would be undercut by competitors. For example:

- In a 2017 press release, Sarah Oglesby-Battle, executive vice president of lessor Beztak's management division, stated that "RENTmaximizer eliminates the fear factor of exposure that is a natural concern for property and regional managers. RENTmaximizer factors in historical and relevant data to assure us that we will get the traffic and leases we need to meet our revenue goals."¹³⁷
 - In a 2017 press release, lessor KRE Group stated that it used RENTmaximizer to price three New Jersey properties, and that it "appreciate[d] that RENTmaximizer takes the guesswork out of pricing and automates assessments using inventory and market data."¹³⁸
- Jason Segal, director of residential leasing for KRE Group, stated that before using Yardi

¹³⁶ According to Mr. Sawh's LinkedIn profile, he is "[r]esponsible for the entire product launch of the new Revenue Management Product – RENTmaximizer" and provides "[s]trategic leadership in Product Management, Sales, Implementation, Training, Marketing." <https://www.linkedin.com/in/dhar-sawh-9a38543/>.

¹³⁷ *Beztak Grows Rental Income with Yardi RENTmaximizer*, *supra* note 19.

¹³⁸ *KRE Group Grows Profits and Occupancy with Yardi RENTmaximizer*, Business Wire (Mar. 14, 2017), <https://www.businesswire.com/news/home/20170314005389/en/KRE-Group-Grows-Profits-and-Occupancy-with-Yardi-RENTmaximizer>.

RENTmaximizer, “[t]here was always uncertainty about various factors including holding units, leasing notice units and structural vacancy, which really impacted the budget. With RENTmaximizer we have a tool to simplify those decisions and validate rents.”¹³⁹

- In a 2016 press release, Amanda McHugh, training and development manager of lessor Rockbridge Group, stated that with RENTmaximizer, Rockbridge “ha[d] achieved an average 48% increase in gross potential rent” and that “[t]hanks to RENTmaximizer, we have eliminated all concessions and specials.”¹⁴⁰
- In a 2015 press release, Philip Nored, owner and managing partner of Landlord Defendant HNN Associates, LLC, stated that “RENTmaximizer has taken the guesswork out of our rental pricing and lease terms, and boosts pricing performance through an intelligent system of measurements, fixed factors *and discipline*.”¹⁴¹
- In a 2015 press release, Brad Minsley, co-owner of lessor 10 Federal, stated that, with RENTmaximizer, 10 Federal had seen “3.5% rental income growth, and 30% or greater improvement in their lease terms,” and that “[t]hanks to RENTMaximizer we are signing new leases, our renewal rates are sustainable, and *we don’t have to offer concessions*.”¹⁴²
- In a 2015 press release, Scott Brown, president of lessor Grubb Properties, stated that RENTmaximizer “gives our ownership groups much more confidence. Our clients can view comprehensive reports with drilldown into their pricing movement, which ensures complete trust in the system.”¹⁴³ He reported that “[b]y providing detailed and transparent [pricing] reporting, Yardi RENTmaximizer has also enabled us to save time and gain efficiency by eliminating weekly pricing calls with our owners.”
- Brantley White, president of lessor Ardmore Residential, announced in a 2016 press release that Ardmore Residential had raised rents 5-6% since its implementation of Yardi

¹³⁹ *Id.*

¹⁴⁰ *See Rockbridge Group, supra* note 6.

¹⁴¹ *HNN Associates, LLC Optimizes Rental Pricing Performance with Yardi RENTmaximizer, supra* note 17 (emphasis added).

¹⁴² *Id.* (emphasis added).

¹⁴³ *Grubb Properties Maximizes Pricing, Achieves Longer Lease Terms with Yardi RENTmaximizer*, Business Wire (Dec. 1, 2015), <https://www.businesswire.com/news/home/20151201005433/en/Grubb-Properties-Maximizes-Pricing-Achieves-Longer-Lease-Terms-with-Yardi-RENTmaximizer>.

1 RENTmaximizer in 2016, and appreciated that “Yardi RENTmaximizer has allowed us to
 2 push rents more aggressively and takes more human error out of the process.”¹⁴⁴ He
 3 candidly acknowledged that “[w]e simply wouldn’t have raised rents that much or that
 4 quickly on our own.”¹⁴⁵

- 5 • As noted above, Ryan Kissell, controller of Landlord Defendant Summit Management
 6 Services, stated in a 2012 press release that that “RENTmaximizer’s automated pricing
 7 matrix has allowed us to eliminate concessions.”¹⁴⁶ The same press release states that
 8 Summit Management Services saw a revenue increase of 4.63% in the third quarter of
 9 2011 after the company adopted RENTmaximizer.¹⁴⁷

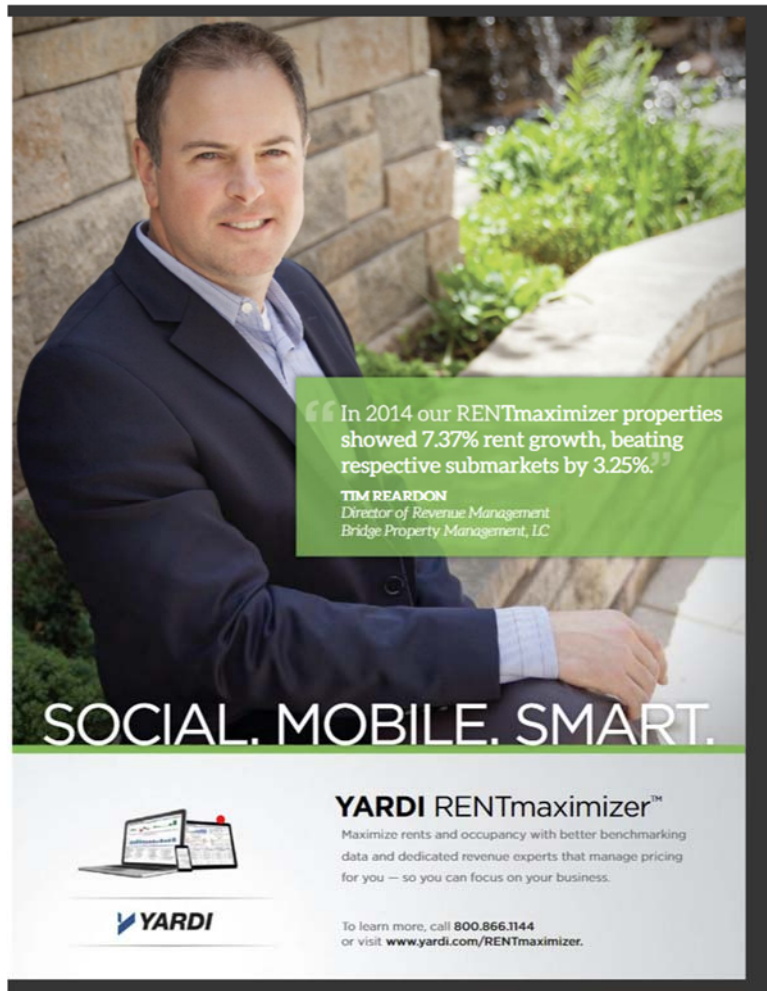
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26 ¹⁴⁴ *Ardmore Residential Raises Rents 5-6% with Yardi RENTmaximizer, supra* note 20.

27 ¹⁴⁵ *Id.*

28 ¹⁴⁶ *Yardi RENTmaximizer Gives Summit Management Services Inc. New Rental Pricing Insight, supra*
 note 86.

¹⁴⁷ *Id.*

124. Yardi and Defendant Landlords worked together to publicly advertise the success of RENTmaximizer at inflating prices, and to invite other Defendants to join their scheme. For example, the following advertisement by Yardi, featuring a quote from Defendant Landlord Bridge Property Management, appeared in a 2016 edition of the Multifamily Executive magazine, a publication specifically intended for employees at multifamily operators:



125. Lessors have also publicly praised (a) the insight into competitors’ pricing that Yardi provides and (b) the supracompetitive returns it generates. Indeed, much of this praise is found in numerous Yardi press releases touting its achievements in raising rents for their clients in the multifamily market. For example:

- 1 • In a 2016 press release, Jeffrey Denson, the owner and COO of Landlord Defendant
2 Dalton Management, stated that Dalton Management was able to increase rent per unit
3 without losing business to its competitors as “RENTmaximizer has . . . made Dalton
4 Management better aware of how its properties compare to the rest of the market,”
5 explaining further that Dalton was “able to raise rents at a property we thought was
6 keeping up—now we’re getting \$100 more per unit and maintaining occupancy.”¹⁴⁸
- 7 • A “success story” available on Yardi’s website states that lessor Avesta had seen “a
8 significant gain [in revenue] after only six months” of implementing RENTmaximizer.”¹⁴⁹
9 Specifically, Avesta announced that for every dollar it invested in the RENTmaximizer
10 system, it achieved a return of nearly \$30. The press release quotes Will Newton, Director
11 of Support Systems at Avesta, as stating: “[T]hanks to the revenue and leasing metrics,
12 along with the support of our dedicated Yardi RENTmaximizer pricing specialist, we
13 don’t leave money on the table.”
- 14 • A 2016 press release states that lessor CKR Property Management saw substantial rental
15 revenue growth as a result of adopting RENTmaximizer. The press release quotes
16 Caroline Kane, CEO of CKR: “Overall, our rental revenue is up 8% year over year . . . one
17 property that previously struggled is up 28%. Yardi RENTmaximizer had a lot to do with
18 that success.”¹⁵⁰
- 19 • According to a 2015 press release, Landlord Defendant Bridge Property Management
20 reported that the company used RENTmaximizer to price “approximately 27,000
21 multifamily units,” and had reported 9.4% year-over-year rental income growth “for
22 properties priced with Yardi RENTmaximizer.”¹⁵¹

24 ¹⁴⁸ *Dalton Management Reports Increased Revenue Using Yardi RENTmaximizer*, *supra* note 24.

25 ¹⁴⁹ *Avesta*, *supra* note 25.

26 ¹⁵⁰ *CKR Property Management Grows Rental Revenue with Yard RENTmaximizer*, Business Wire (Oct. 27, 2016).

27 ¹⁵¹ *Bridge Property Management Gains 9.4% Year-Over-Year Rental Growth with Yardi*
28 *RENTmaximizer*, Business Wire (Sept. 29, 2015), <https://www.businesswire.com/news/home/20150929005288/en/Bridge-Property-Management-Gains-9.4-Year-Over-Year-Rental-Growth-with-Yardi-RENTmaximizer>.

- According to a 2016 press release, within five months of using RENTmaximizer, lessor Singh Management found that properties that implemented RENTmaximizer performed at “7% higher” than the properties in the portfolio not yet using the system, and “by the fifth month, they reached rental growth of 18.5%.”¹⁵²
- Another “success story” available on Yardi’s website states that Landlord Defendant Pillar Properties’ use of RENTmaximizer “drive[s] higher revenue, manage[s] costs and balance[s] risk.”¹⁵³
- During a February 18, 2016 earnings call discussing Landlord Defendant Morguard’s Q4 2015 earnings, Senior Vice President John Talano, who is responsible for Morguard’s U.S. operations and oversees Morguard’s residential holdings, was asked whether Morguard was “still seeing pretty strong rental rate growth.” Talano responded: “yes, yes, absolutely. We implemented RENTmaximizer, which is a revenue modeling software and we’re monitoring that literally on a daily basis. Good strong rents growth in Florida, Atlanta, Dallas, Texas and in Colorado.” Elsewhere during the call, Talano stated that Morguard “experienced robust rent growth with smaller markets like Alabama and Louisiana experiencing 3% rent growth at the low end of the scale, compared to rent growth ranging 5% to 8% and [Morguard’s] more stronger markets in Florida and Colorado.”¹⁵⁴

126. Confidential witness interviews provide further evidence that Landlord Defendants outsource their independent price decisions to RENTmaximizer and achieve supracompetitive returns as a result. For example:

- CW 1, who worked as a former leasing consultant for Bridge Property Management, stated that she regularly used Yardi to set prices for the apartments she managed. Specifically, she would input square footage of the apartment, the location, and Yardi’s

¹⁵² Singh Management Gains Revenue and Occupancy Growth with Yardi RENTmaximizer, *supra* note 83.

¹⁵³ Yardi, Success Stories – Pillar Properties on Elevate, <https://www.yardi.com/about-us/success-stories/pillar-properties-on-elevate/> (last visited Sept. 7, 2023).

¹⁵⁴ See Morguard North American Residential Real Estate Investment Trust, Q4 2015 Earnings Call (Feb. 18, 2016).

1 system would offer listing prices that she “just went for” without “question[ing],”
 2 explaining that she “[j]ust went with whatever it told me.” She explained further that
 3 Yardi would show comparative pricing specific competitor apartment locations and that,
 4 in her opinion, this “was not fair for renters.” She stated: “It was ridiculous. We were
 5 supposed to be helping these people who couldn’t afford a home. Instead, we were raising
 6 rents.”

- 7 • CW 2, another former employee at Bridge Property Management, recalled that he
 8 regularly received printouts from Yardi on apartment pricing, which he used in listings he
 9 created for the apartment complex he managed. CW 2 stated that the prices generated by
 10 Yardi were never questioned and could change daily. He also stated that this pricing
 11 practice gave “an unfair advantage” to lessors because they “all know what they should be
 12 renting for” by using the same pricing platform.
- 13 • Confidential Witness 3 (“CW 3”)¹⁵⁵, a former leasing agent at Bridge Property
 14 Management, explained that she frequently consulted Yardi’s pricing recommendations to
 15 quote customers who applied for a rental. She stated that, in her time at Bridge, she never
 16 questioned the prices from Yardi—which came as daily printouts with prices that changed
 17 “daily”—and that “everybody was using it.”
- 18 • Confidential Witness 8 (“CW 8”), who worked as a leasing specialist for Morguard, stated
 19 that Morguard utilized RENTmaximizer for apartment inventory and rent pricing. As a
 20 leasing specialist, CW 8 would run a daily printout from Yardi of available apartment
 21 inventory and rent pricing. The pricing was automatically set by Yardi and fluctuated from
 22 day to day. Deviation from Yardi pricing required corporate override approval; CW 8 did
 23 not recall ever having to obtain approval for a rent price override during her tenure at
 24 Morguard.

25 127. Finally, on information and belief, RENTmaximizer users are aware that their
 26 competitors also use Yardi’s price-setting software. CW 7, who worked at Yardi between 2019

27
 28 ¹⁵⁵ CW 3 worked for Bridge Property Management as a leasing agent in Marietta, Georgia, from 2018 until 2023.

1 and 2021 as a senior account executive, explained that while Yardi's clients were "very concerned
2 about sharing their rental rates more than anything," "[m]ost people appreciated the fact that if
3 they shared data, they would get data from other clients using things like RENTmaximizer, so that
4 everybody was benefitting from the data."

5 128. CW 5, who worked as an operations analyst at Yardi from 2013 to 2021, stated
6 that she believed that many of Yardi's clients knew that their competitors or other companies
7 were also using Yardi, and that some companies gave Yardi permission to disclose their
8 relationship with it for marketing materials. (Consistent with this, as discussed throughout this
9 Complaint, Yardi has issued a significant number of press releases touting lessors' use of
10 RENTmaximizer, including their use of it to raise rents and eliminate concessions.) As discussed
11 below, Landlord Defendants and Yardi also have numerous opportunities to collude at the Yardi
12 Advanced Solutions Conferences (YASC) and social events. YASC is a large-scale, well-attended
13 social event that is open to Yardi clients only.

14 129. Further, as detailed throughout this complaint, Yardi has long posted a continual
15 stream of endorsements, press releases, and blog posts online touting RENTmaximizer's growth
16 and numerous specific clients' success with it. Indeed, as discussed below (*see infra* Section D),
17 Yardi employees (in a now deleted blog post from 2015) even wrote publicly about
18 RENTmaximizer's unique success in raising rents in certain "*markets in which a significant*
19 *number of properties use Yardi RENTmaximizer.*"

20 130. In summary, the widespread adoption of RENTmaximizer has distorted the
21 multifamily rental market by artificially inflating prices and sharply lessening competition.
22
23
24
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C. **Yardi collects extensive data from landlords, including confidential pricing and occupancy data, that it inputs into its “Yardi Matrix Multifamily” product—which is then used to feed RENTmaximizer.**

131. As noted above, Yardi advertises that it uses data from a separate product, “Yardi Matrix,” as an input to RENTmaximizer:

MARKET INTELLIGENCE

Yardi Matrix provides nationwide intelligence on markets, submarkets, competition, developments, rents, occupancy and more. This data delivers accurate indicators of economic trends and performance and helps you price apartments profitably. When this market-specific data is incorporated with your RENTmaximizer data, you can accurately benchmark performance and factor it into rent projections and calculations which enhances your revenue management strategy and helps boost the performance of individual assets.

132. In 2013, Yardi acquired the company Pierce-Eislen, which it described as “the industry’s most comprehensive apartment market intelligence analysis system,” and rebranded it “Yardi Matrix.”¹⁵⁶ Today, Yardi Matrix is a commercial real estate intelligence source that “offers the industry’s most comprehensive market intelligence” and provides users with various types of data about properties in certain markets, including rent and occupancy data.¹⁵⁷

133. Among other things, Yardi offers versions of its “Matrix” product for various segments of the commercial real estate industry, including Yardi Matrix Multifamily (for multifamily rental properties), Yardi Matrix Student (student rental properties), and Yardi Matrix Office (office properties). Yardi explains that Matrix:

provides critical data to the professional property manager. Our comprehensive property-level data makes it easy to benchmark property performance, canvas competitors and neighborhoods and find new contracts. Gain a valuable understanding of the nature and performance of any portfolio of properties, using our powerful set of research and comparative market analysis tools.¹⁵⁸

¹⁵⁶ Yardi, *Yardi RENTmaximizer Property Ratings: Improvement and Location Rating System*, The Balance Sheet: Yardi Corporate Blog (Mar. 1, 2015), available at <https://web.archive.org/web/20170801195125/https://www.yardi.com/blog/uncategorized/yardi-rentmaximizer-property-ratings/12650.html>.

¹⁵⁷ Yardi, *Yardi Matrix*, <https://www.yardimatrix.com/>.

¹⁵⁸ Yardi, *Yardi Matrix: Real Estate Data & Comparative Analysis Tools*, <https://www.yardimatrix.com/Property-Types/Solutions/Management-Portfolio-Health> (last visited Nov. 1, 2023).

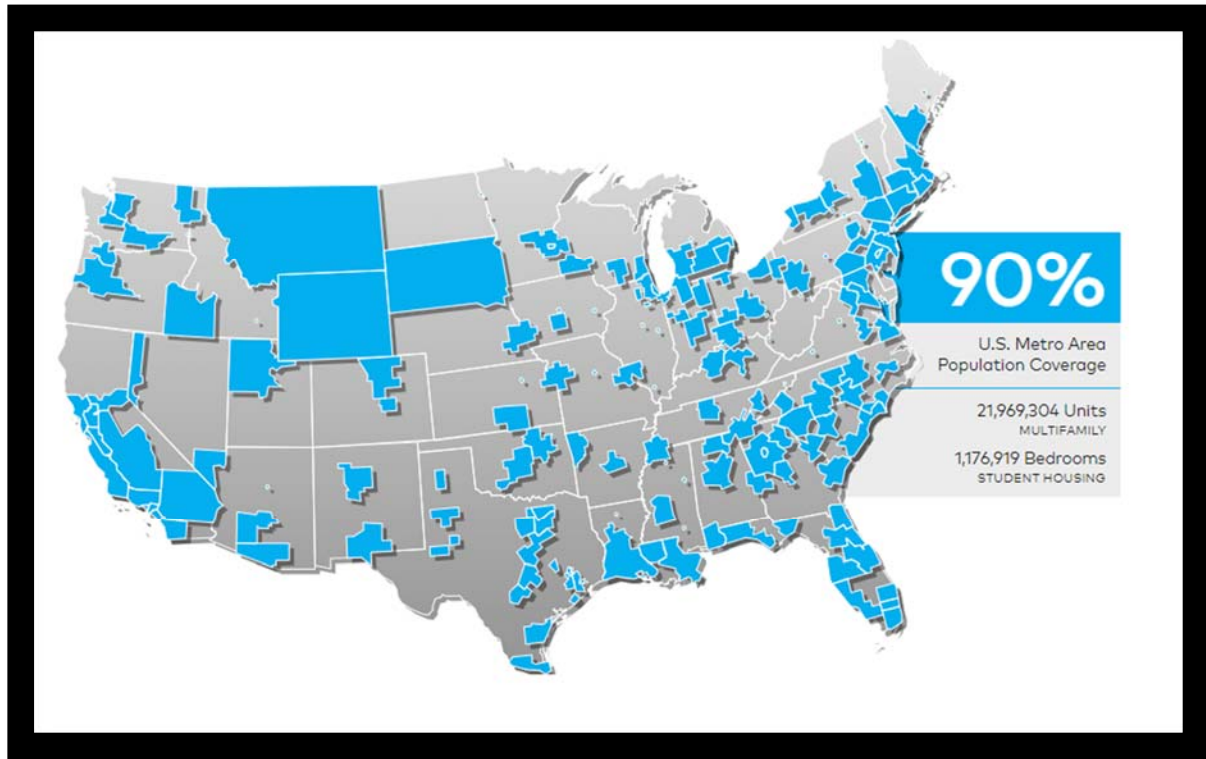
134. Yardi states that its property universe is the “largest and deepest refined database in the industry.”¹⁵⁹ According to a promotional video available on Yardi’s website, its “Matrix Multifamily” product “leverage[s] the most comprehensive apartment (>50 units) market data source covering 19+ million units, encompassing 90% of the U.S. Population”:



135. A map available on Yardi’s website underscores the extent of this nationwide coverage¹⁶⁰:

¹⁵⁹ Yardi, *How We Compare*, <https://www.yardimatrix.com/About-Us/How-We-Compare> (last visited Nov. 1, 2023).

¹⁶⁰ Yardi, *Yardi Matrix: Markets*, <https://www.yardimatrix.com/Markets>.



136. Specifically, subscribers to Matrix Multifamily receive “real-time property data” on rental rates and occupancy history, as well as short and long-range forecasts of rent and occupancy at the market and sub-market levels. Elsewhere online, Yardi touts that Matrix subscribers “access *near up-to-the-minute market information at two levels*: the individual property or overview of market conditions critical to the assessment of current, and prospective, market status” and describes Yardi’s “apartment information service” as “a high-performance system with the *sole function of supporting the commercial apartment industry’s dominant participants*”¹⁶¹:

¹⁶¹ Yardi, *Yardi Matrix Rent Survey*, <https://yardirentsury.wordpress.com/> (last visited Nov. 1, 2023) (emphasis added).

YARDI MATRIX'S Fall 2023 Rent Survey begins Tuesday, September 5th!

About YARDI MATRIX

Yardi Matrix, formerly known as Pierce-Eislen, Inc.®, was founded in March 2000 and acquired in July 2013 by Yardi Systems, Inc., a Santa Barbara, California software company focused on commercial real estate industry applications.

The Yardi Matrix apartment information service is a high-performance system with the sole function of supporting the commercial apartment industry's dominant participants. The company's services monitor the 50+ unit apartment universe from the property level to the submarket/market level in a form unique within the commercial apartment information industry.

Yardi Matrix subscribers' access near up-to-the-minute market information at two levels: the individual property or overview of market conditions critical to the assessment of current, and prospective, market status. A more complete description of the company is provided under "About Us" on our website at <https://www.yardimatrix.com>.

137. Other granular, unit specific data Yardi Matrix collects includes: (1) rental history by unit type; (2) property characteristics—unit mix, unit sizes, photographs, prior sales; (3) apartment properties currently under construction, or in the planning process; (4) property sale history.¹⁶² A view of the Yardi Matrix interface can be see below for a sample property¹⁶³:

¹⁶² Yardi Matrix Overview, <https://www.yardimatrix.com/About-Us/Press-Kit/Yardi-Matrix-Overview>.

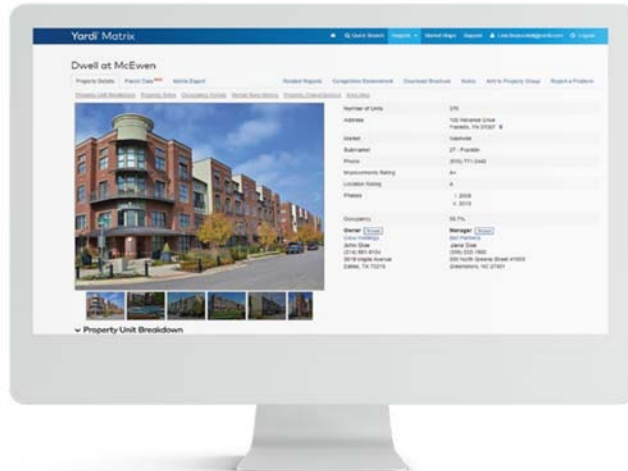
¹⁶³ *Yardi Elevate*, *supra* note 10.

ACCURATE TRACKING

Track asset performance and the valuation of your properties—along with those of your competitors or potential partners. Our proprietary improvement and location ratings systems allow you to compare apples to apples—giving you fair and balanced performance information to act upon.

MARKET INSIGHTS

Whatever your role—asset management, acquisitions, refinance underwriting, valuations or sales—Matrix is your source for actionable information. Our renowned institutional research on markets, investment strategy and long-term trends is at your fingertips and included as a subscriber.

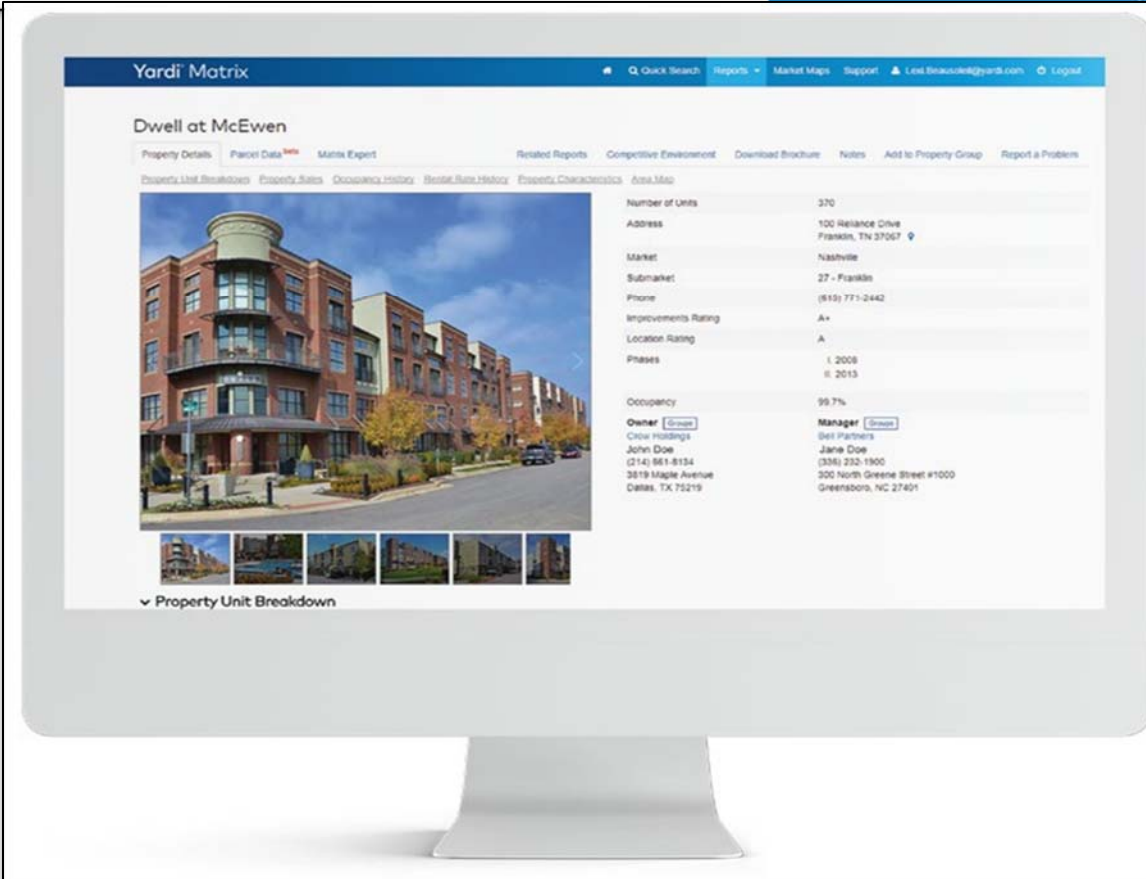


KEY FEATURES

- Full ownership and management information
- In-place loans; construction, permanent, CMBS and their expirations
- Aggregated and anonymized revenue and expense comps—an industry exclusive
- Patented property improvement and location ratings systems
- Full competitive analysis to similar properties near your asset
- Comprehensive market economic data including demographics, labor statistics and the construction pipeline
- Data-driven occupancy and long-range forecasts
- Cloud-based services and mobile access



Yardi | 15




1 138. Yardi prominently advertises the extensive amount of data available through Yardi
 2 Matrix¹⁶⁴:

Multifamily Market Data and Analysis

Yardi® Matrix Multifamily is your source for originating, pre-underwriting and managing assets for profitable loans and investments. We are active in 178 Multifamily markets across the U.S., providing researched data on properties at least 50 units in size including exclusive data on single-family rentals in build-to-rent communities.


Key Features

- In place loans and expirations - construction, permanent and CMBS
- Full ownership and management information
- Complete property-level information, including detailed unit mix
- Rent, occupancy and sales history and comparables
- Patented improvements and location ratings systems
- Supply pipeline from end-to-end, planning to stabilization
- Short and long-range forecasts of rent and occupancy at the market and sub-market levels
- National coverage
- Competitive subscription pricing based on markets and users
- Exclusive data on single-family rentals in build-to-rent communities




FEATURES


YARDI MATRIX MULTIFAMILY




REAL-TIME PROPERTY DATA
Gain access to patented improvement and location ratings, rental rate, occupancy history and current property manager information.




LOAN DATA
Search for acquisition prospects by loan maturity schedules, lenders, borrowers, loan terms and estimated DSCR/LTV ratios.




TRENDS & FORECASTS
Stay current with monthly national reports, metro reports and quarterly forecasts of rental rates, rent growth and occupancy across markets and submarkets.



NEW SUPPLY PIPELINE
Get insight into new supply pipeline information at the asset, competitive set and market level.



MATRIX EXPERT
Access exclusive aggregated and anonymized residential revenue and expense comps.

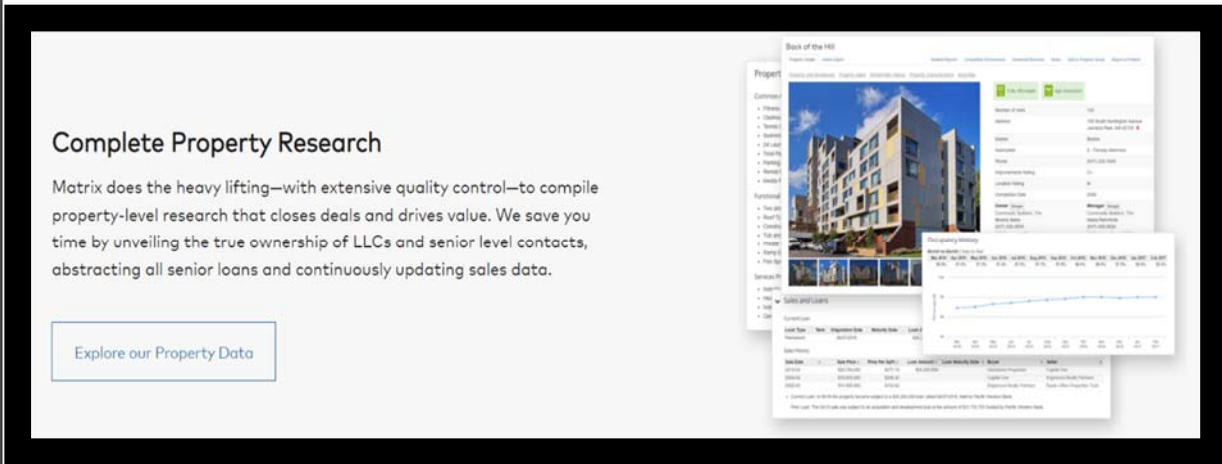
 yardimatrix.com/multifamily | matrix@yardi.com or (480) 663-1149

YARDI | Energized for Tomorrow

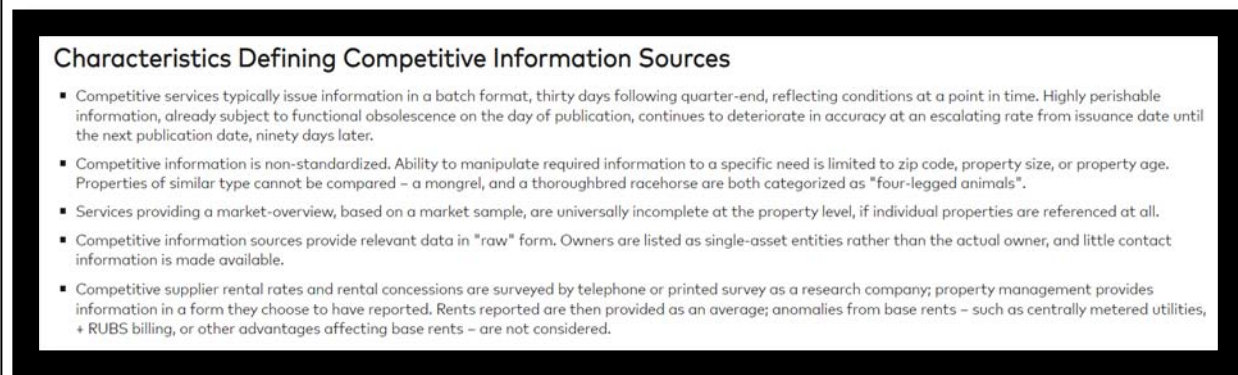
©2021 Yardi Systems, Inc. All Rights Reserved. Yardi, the Yardi logo, and all Yardi product names are trademarks of Yardi Systems, Inc. Yardi Matrix Multifamily 2/2021

164 Yardi Matrix Multifamily Brochure, available at
https://www.yardimatrix.com/pdf/MultifamilyMarketCoverage/Matrix_Multifamily_brochure.pdf.

139. Yardi also emphasizes that it “does the heavy lifting—with extensive quality control—to compile property-level research that closes deals and drives value,” and advertises that users can get property unit breakdowns, sales and loan history, occupancy history, rental rate history for tens of thousands of properties¹⁶⁵:



140. Yardi also takes pain to emphasize the granularity, standardization, accuracy, and “near real-time” quality of the data it makes available through Matrix is superior to that of “competitive services,” which it describes as generally providing stale, non-standardized, and incomplete information¹⁶⁶:



141. Yardi obtains this extensive, granular data from at least two sources: (1) its clients, including users of its popular “Voyager” property management software; and (2) rent surveys

¹⁶⁵ Yardi, *Multifamily Market Data and Analysis*, <https://www.yardimatrix.com/Property-Types/Multifamily> (last visited Nov. 1, 2023).

¹⁶⁶ Yardi, *How We Compare*, <https://www.yardimatrix.com/About-Us/How-We-Compare> (last visited Nov. 1, 2023).

1 conducted multiple times a year, during which Yardi analysts call millions of properties
2 “play[ing] the role of renter” to inquire about rental rates.

3 142. **Client data.** According to CW 6, a senior account executive at Yardi from 2015 to
4 2019, all Yardi clients—or Voyager clients—contractually agree to share pricing and occupancy
5 data with Yardi and to allow Yardi to use “aggregated data” as part of Matrix and
6 RENTMaximizer. “When you sign your contract with [Yardi], you agree to give your data,
7 aggregated,” CW 6 explained. According to CW 6, Yardi then presents it to clients as data
8 “within three miles” or “five miles” or “this is the average rental.”

9 143. CW 6 explained that clients provide Yardi with “[e]verything about your pricing,
10 your occupancy, all that good stuff.” This data then gets housed in Matrix. CW 6 explained that
11 client data is sent to Yardi “nightly.”

12 144. CW 6 further explained that RENTmaximizer and Yardi Matrix were sold
13 together, and that “you have to have Matrix” to get data that feeds into RENTmaximizer and
14 generates pricing recommendations. CW 6 also stated that Yardi is “the largest multi-family
15 player out there” and has “all the data from all of their properties inside Matrix. And then
16 somebody buys that data in the form of RENTmaximizer.”

17 145. In other words, Defendants provide information to Yardi Matrix with the
18 understanding that, in part, they will receive pricing recommendations from RENTmaximizer that
19 are based on Yardi Matrix data; they contractually agree to share pricing and occupancy data with
20 Yardi and understand that aggregated data from Yardi Matrix is used as part of RENTmaximizer.

21 146. **Telephone surveys.** Yardi Matrix also conducts regular “rent surveys”
22 (approximately twice a year) to collect current pricing information about rental properties. As part
23 of these rent survey, Yardi employees, masquerading as potential renters, call apartment
24 community buildings to collect information about rents and current rent specials. Yardi itself has
25 acknowledged that information it collects from rent surveys are used in RENTmaximizer, stating
26 that asking rent adjustments in RENTmaximizer are based, in part, on “public information
27 collected through surveys.”
28

1 According to Yardi, Yardi Matrix “researches and compiles static and dynamic apartment market
 2 data specific to individual apartment properties, and to general apartment market conditions.”¹⁶⁷
 3 Specifically, multifamily rental market conditions are surveyed at two levels: rental rates and
 4 concessions; and market occupancy.¹⁶⁸ Yardi explains that rental rates “are gathered as a
 5 prospective renter by telephone survey, then reported in both Actual, and Market Rate,
 6 formats.”¹⁶⁹ Yardi requires that all surveys be conducted as a potential renter to ensure the
 7 accuracy of information collected¹⁷⁰:

8
 9 ***Surveys are Conducted as a Renter*** – Surveys must be conducted as a potential renter to
 10 ensure accuracy of information. This requires that you be willing to play the role of a renter.

11 147. Yardi also conducts surveys on rental promotional activity in the form of
 12 concessions annually, three times a year, by telephone survey among competitively rented
 13 (market/rate) properties of 50 units and larger in size.¹⁷¹

14 148. Yardi has publicly stated in the past the data collected by its “analysts” is used in
 15 RENTmaximizer. A 2015 post on Yardi’s corporate blog explains:

16 “Blind shopping” is one way Yardi Matrix collects data to determine
 17 property values. Inquiring as prospects, analysts currently call on
 18 9.4+ million units in 77 markets three times per year. This includes
 19 all properties over 50 units in specific markets, and we are
 20 expanding this to include 100 markets, covering 97% of the United
 States population. We include this collection of actual rent
 information at the unit-type level as part of the standard Yardi
 RENTmaximizer reporting system.¹⁷²

21 ¹⁶⁷ <https://www.yardimatrix.com/About-Us/Our-Methods>.

22 ¹⁶⁸ <https://www.yardimatrix.com/About-Us/Our-Methods/How-We-Report-Rental-Market-Conditions>.

23 ¹⁶⁹ “Actual rents” are the prices a property charges residents to occupy an apartment. Yardi Matrix then
 24 adjusts “actual rents” to “market rents” for an apples-to-apples comparison in reflecting the “the condition
 25 that apartment rental rates among floorplans of the same type.” *Id.*; see also Yardi, *How We Compare*,
<https://www.yardimatrix.com/About-Us/How-We-Compare> (last visited Nov. 1, 2023) (“Rental rate
 information is surveyed by telephone, with surveyors soliciting information as renters. Current ‘street’
 rents are reported, then illustrated as both ‘Actual’, and ‘Market’, rents. Market rents are converted – an
 apples-to-apples format, accounting for anomalies influencing rent paid beyond a ‘base’ rental rate”).

26 ¹⁷⁰ Yardi, *Yardi Matrix Rent Survey*, <https://yardirentsreview.wordpress.com/> (last visited Nov. 1, 2023).

27 ¹⁷¹ [https://www.yardimatrix.com/About-Us/Our-Methods/How-We-Report-Rental-Market-
 28 Conditions/How-We-Survey-Rental-Concessions](https://www.yardimatrix.com/About-Us/Our-Methods/How-We-Report-Rental-Market-Conditions/How-We-Survey-Rental-Concessions).

¹⁷² Yardi, *Yardi Rentmaximizer Property Ratings: Improvement and Location Rating System*, The
 Balance Sheet: Yardi Corporate Blog (Mar. 1, 2015), available at

149. A separate, now-deleted post from August 2014 on Yardi's blog likewise states:

Yardi RENTmaximizer™ users see an average 2 to 5 percent revenue lift over existing market rates. Recently, the ability to analyze portfolio or property performance comparative to the regional market performance has become even more powerful within the product platform.

"We're now incorporating all the benchmark data from real estate intelligence provider Pierce-Eislen into the RENTmaximizer product," shares Dharmendra Sawh, industry principal for revenue management at Yardi. "This allows our customers to see exactly what revenue gains they are achieving, not only at their own property, but in comparison to their regional market."

Acquired by Yardi in 2013, Pierce-Eislen provides nationwide intelligence on markets, submarkets, competition, developments, rents, and more.¹⁷³

150. Landlord Defendants provide information to Yardi Matrix with the understanding that, in part, they will receive pricing recommendations from RENTmaximizer that are based on this extensive Yardi Matrix data.

D. Economic analysis confirms that usage of Yardi produces anticompetitive effects in the form of higher prices for RENTmaximizer users.

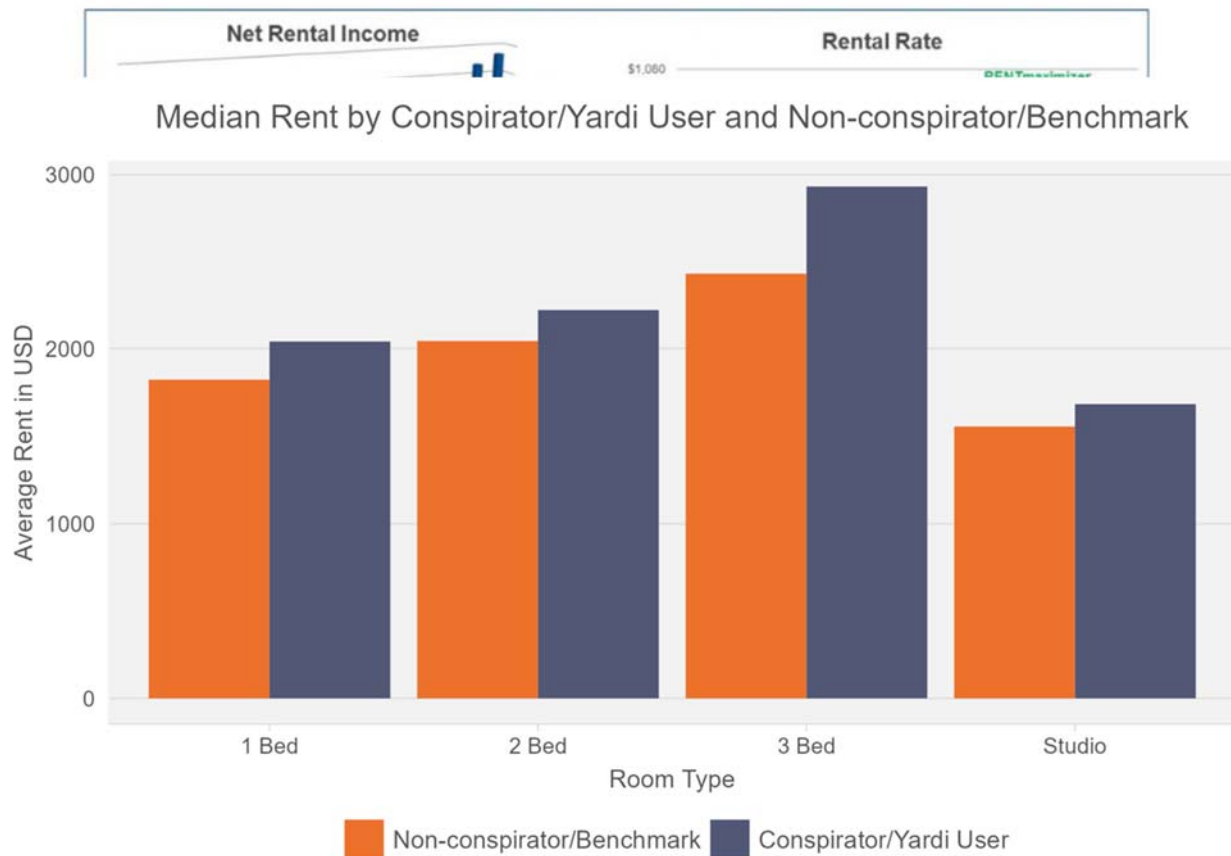
151. Economic analysis confirms that collective usage of Yardi RENTmaximizer leads to higher prices. Public rent data was collected over a period of several weeks in August 2023 from Seattle, Charlotte, and Phoenix. A regression analysis was then performed in zip codes where usage of Yardi RENTmaximizer was higher than 15% of available units. The regression analysis controlled for various property and geographic features, such as (1) size of the unit, (2) number of bathrooms, (3) census average rent in the zip code, and (4) median income in the zip code. Across over 23,000 units, the regression found an average overcharge of 6% on units priced using RENTmaximizer (blue) as compared to units not priced using RENTmaximizer (orange), including for studio, 1-bedroom, 2-bedroom, and 3-bedroom apartments. This is closely

<https://web.archive.org/web/20170801195125/https://www.yardi.com/blog/uncategorized/yardi-rentmaximizer-property-ratings/12650.html>.

¹⁷³ Leah Etling, *Revolutionary Revenue: Market Data Insight* (Aug. 27, 2014), The Balance Sheet: Yardi Corporate Blog, available at <https://web.archive.org/web/20140908043659/https://www.yardi.com/blog/news/revolutionary-revenue/11339.html> (emphasis added).

consistent with Yardi's repeated public statements that usage of RENTmaximizer led to a 6% average increase in net rental income:

152. These findings are further corroborated by additional, detailed *analyses that Yardi itself performed*. In a now-deleted March 1, 2015 post on Yardi's corporate blog, Yardi staff used



rent data shopped from “more than 9.2 million units”—obtained through phone surveys performed by the then-recently acquired Pierce-Eislen (rebranded “Matrix”)—“to compare RENTmaximizer properties’ performance against their market, the submarket, and submarket-equivalent properties,” and “analyzed properties on RENTmaximizer from the end of 2012 through April 2014 and compared the aggregate performance of this ‘same store sales’ population against the market.” Yardi’s analysis found that “[a]t the end of April 2014, RENTmaximizer properties saw rental rates over 2% above the market” *even including* “properties using other revenue management software,” with “[t]he markets [growing] at a combined rate of 3.9%, while RENTmaximizer properties outperformed the market and grew at nearly 6%”:

153. Yardi also performed a separate analysis “for some markets in which a significant number of properties use Yardi RENTmaximizer” and found substantial above-market gains in many of these:

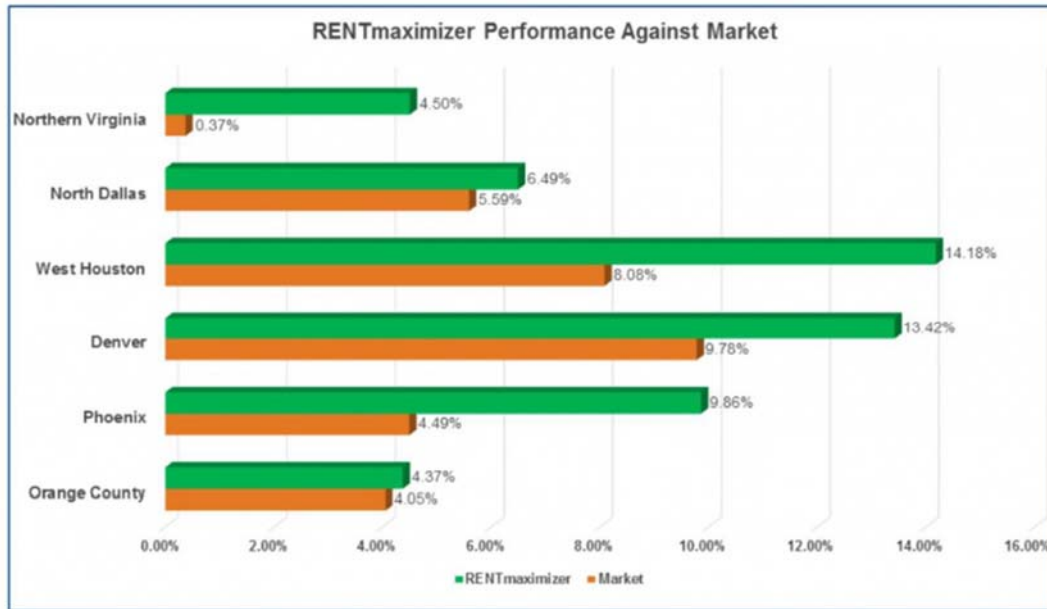


Figure 2: Selected Market Performance

154. Reflecting on these results, Yardi’s staff remarked on the substantial above market gains in many of the markets above, and explicitly noted that in Orange County, where Yardi exceeded the competition only slightly, this was likely because “many more properties in this market use other revenue management systems”:

Figure 2 above shows results for some markets in which a significant number of properties use Yardi RENTmaximizer. Denver, one of the top five “hottest” markets in 2013, saw a market rental growth of 9.8%, while the RENTmaximizer properties grew by almost 13.5%. RENTmaximizer customers exceeded the market by almost 3.7%. Similarly, the Houston market grew by 8% overall, while RENTmaximizer properties produced 14%—a 6% advantage for RENTmaximizer customers.

Another extreme example, the market in Orange County, California saw 4.05% growth while RENTmaximizer properties grew by 4.37%. Orange County rental rates are very high compared to other markets, and many more properties in this market use other revenue

management systems. Even this small increase above market using RENTmaximizer creates a significant income difference.¹⁷⁴

155. In a conclusion to the post, Yardi staff wrote that “we now have *significant statistical proof that RENTmaximizer produces consistently better results than the market, and our customers tell us that we provide the best support in the industry* Yardi RENTmaximizer delivers better results, better service, and complete visibility into the ‘health’ of your property performance and how it drives your pricing results”:

Conclusion

Yardi RENTmaximizer has seen exponential adoption growth since it was introduced in 2011 and continues to prove itself in the market. The system’s intuitive approach and transparent reporting make it easy for property teams to understand and accept its daily pricing methodology.

The August 2014 release of RENTmaximizer enables customers to compare the performance of each of their properties to its market, submarket, and submarket-equivalent properties. This reporting feature has become very popular with our customers, and we plan to expand capabilities in this area in future releases of RENTmaximizer.

We now have significant statistical proof that RENTmaximizer produces consistently better results than the market, and our customers tell us that we provide the best support in the industry. Our service team of experienced revenue managers is included with the RENTmaximizer product. Yardi RENTmaximizer delivers better results, better service, and complete visibility into the “health” of your property performance and how it drives your pricing results.

E. Defendants’ conduct has no pro-competitive benefits

156. Defendants rent pricing scheme has not benefited competition. It has also not had pro-competitive effects in the multifamily housing rental market.

¹⁷⁴ Yardi, *Yardi RENTmaximizer Market Analysis: 2013 Performance Results*, The Balance Sheet: Yardi Corporate Blog (Mar. 1, 2015), available at <https://web.archive.org/web/20210302115856/https://www.yardi.com/blog/uncategorized/yardi-rentmaximizer-market-analysis/12670.html>.

1 157. Instead, Defendants conduct has had the effect of benefitting them by increasing
2 revenues and profits; meanwhile, consumers have subsidized this misconduct by paying
3 artificially inflated prices for their rent.

4 158. While Defendants' misconduct may have increased their operational efficiencies
5 (e.g., by saving costs, time, or other resources associated with traditional methods of fair rent
6 pricing), it has meanwhile made it more time-consuming and difficult for consumers to identify
7 and secure meaningfully less expensive rental rates for comparable properties offered by
8 Defendants' co-conspirators.

9 159. Assuming any procompetitive benefits from Defendants' misconduct exist, they
10 would be minimal in nature and could not outweigh the substantial and anticompetitive effects of
11 this misconduct.

12 **F. Studies show that industry-wide usage of a shared pricing algorithm leads to**
13 **anticompetitive effects.**

14 160. Extensive economic research documents that the use of pricing algorithms leads to
15 anticompetitive effects, including elevated prices. Modern algorithms can use artificial
16 intelligence to reach the objective of maximizing profits without the need for human intervention.
17 Indeed, legal scholars, economists, and antitrust regulators studying this issue have all concluded
18 that competitors' use of a shared pricing algorithm to set prices produces the same types of
19 anticompetitive effects alleged here.

20 161. In a May 2017 paper, "Algorithmic Collusion: Problems and Counter-Measures,"
21 competition law professors Ariel Ezrachi and Maurice Stucke discuss "how in an online
22 environment a hub-and-spoke [price-fixing conspiracy] framework may emerge when sellers use
23 the same algorithm or the same data pool to determine price." In particular they state that:

24 An industry-wide use of a single algorithm, which competitors use
25 to determine the market price or react to market changes, would
26 result in de-facto hub-and-spoke structure, as the market behavior of
27 the competitors aligns due to the use of a similar "brain" to
28 determine their price strategy. These effects intensify when sellers
use the same data pool and are privy to vast volumes of data. Hub-

1 and spoke structures may therefore be observed at the input level
2 (data) and the output level (algorithm).¹⁷⁵

3 162. Ezrachi and Stuck note this situation playing out in connection with gas stations
4 using the same third-party analytics provider to determine fuel prices. The professors conclude
5 that “[t]his anecdotal example supports the assertion that as competitors use a single hub – a
6 single provider for algorithmic pricing – one may expect, in markets susceptible to tacit collusion,
7 greater alignment of pricing decisions and higher prices overall.”

8 163. Consistent with this, a growing body of academic research documents that
9 algorithms make it easier for competitors to coordinate on pricing and charge supracompetitive
10 prices. For example, an experimental study published in the American Economic Review found
11 that competing firms, using AI powered algorithmic pricing, would settle, over time, into an
12 equilibrium model where each firm charged supracompetitive prices.¹⁷⁶ The result was robust to
13 asymmetries in cost or demand, or changes in the numbers of players.

14 164. Similarly, a 2021 empirical study found (in line with the predictions of theoretical
15 models, and with Ezrachi and Stucke’s predictions) that when gas stations in Germany used
16 algorithms to set prices, their margins increased by approximately 9%. Critically, the authors
17 found that algorithm use only raised prices above competitive levels in places where competitors
18 adopted algorithms jointly, and thus that “algorithmic pricing software adoption raises margins
19 *only through its effects on competition*”; by contrast, in areas where (1) a station had no
20 competitors or (2) there were two stations but only one adopted algorithmic pricing, the authors
21 found “no change in mean margins or pricing.”¹⁷⁷ In other words, algorithm use among these
22 stations raised prices not by driving efficiency or achieving some procompetitive result, but
23 instead by undermining normal market competition. The authors also note:

24 ¹⁷⁵ Ariel Ezrachi and Maurice Stucke, *Algorithmic Collusion: Problems and Counter-Measures*, at 10,
25 Roundtable on Algorithms and Collusion (June 2017), available at
<https://one.oecd.org/document/DAF/COMP/WD%282017%2925/en/pdf>.

26 ¹⁷⁶ Emilio Calvano et al., *Artificial Intelligence, Algorithmic Pricing and Collusion*, 110 AM. ECON.
27 REV. 3267-97 (Oct. 2020), <https://www.aeaweb.org/articles?id=10.1257/aer.20190623>.

28 ¹⁷⁷ See Stephanie Assad et al., *Autonomous algorithmic collusion: Economic research and policy implications* at 15, Toulouse School of Economics Working Paper (Mar. 2021), available at
https://www.tse-fr.eu/sites/default/files/TSE/documents/doc/wp/2021/wp_tse_1210.pdf (emphasis added).

Algorithmic pricing can also affect competition if a single intermediary software provider sells their product to multiple competitors. Such adoption could lead to hub-and-spoke (where the provider acts as the hub of the sellers, Ezrachi and Stucke 2015) or parallel-use scenarios, with competitors coordinating to higher prices by delegating choices or relaying information to the same third party. These concerns are warranted by the statements and observed behaviour of software providers. Some providers promote their products by suggesting that they optimize for long-term revenues and avoid price wars.¹⁷⁸

165. Uber also sets prices algorithmically, which users recognize in now-regular occurrences of “surge pricing” where prices spike (often to eye-watering levels) at times of high demand. This algorithmic pricing leads to higher prices for customers and higher revenue for Uber, even though Uber’s costs do not change significantly during the surge pricing periods. As one academic has noted, even though drivers are theoretically independent contractors who could compete against each other, each driver has “agreed to have their prices coordinated and set by the algorithm.” This could constitute, as the author puts it, a “twenty-first-century[] techno-cartel.”¹⁷⁹ Areeda and Hovenkamp also state that a “practice of interseller price verification . . . would appear to be a naked or at least a nearly naked restraint” in violation of antitrust law.¹⁸⁰

166. Government regulators around the world have also expressed concerns about algorithmic pricing’s effect on competition.

167. Earlier this year, for example, the Principal Deputy Assistant Attorney General of the Antitrust Division for the Department of Justice stated: “Where competitors adopt the same pricing algorithms, our concern is only heightened. Several studies have shown that these algorithms can lead to tacit or express collusion in the marketplace, potentially resulting in higher prices, or at a minimum, a softening of competition.”¹⁸¹

¹⁷⁸ *Id.* at 4.

¹⁷⁹ Salil K. Mehra, *Antitrust and the Robo-Seller: Competition in the Time of Algorithms*, 100 MINN. L. REV. 1323-75 (2015).

¹⁸⁰ Herbert Hovenkamp & Phillip E. Areeda, *ANTITRUST LAW: AN ANALYSIS OF ANTITRUST PRINCIPLES AND THEIR APPLICATION* ¶ 2113 (4th and 5th Ed. 2018-2022).

¹⁸¹ U.S. Dep’t of Justice, *supra* note 31.

168. Similarly, as noted above, while serving as acting chairman of the Federal Trade Commission, Maureen Ohlhausen explained in 2017 how multiple firms outsourcing pricing decisions to a single third-party actor—just as lessors have done with Yardi—raises significant antitrust concerns, and asked rhetorically: “Is it ok for a guy named Bob to collect confidential price strategy information from all the participants in a market, and then tell everybody how they should price? If it isn’t ok for a guy named Bob to do it, then it probably isn’t ok for an algorithm to do it either.” Ohlhausen emphasized: “this is fairly familiar territory for antitrust lawyers, and we even have an old fashioned term for it, the hub-and-spoke conspiracy. Just as the antitrust laws do not allow competitors to exchange competitively sensitive information directly in an effort to stabilize or control industry pricing, they also prohibit using an intermediary to facilitate the exchange of confidential business information.”¹⁸²

169. Yardi here plays exactly the role of a guy named Bob. It collects price information from each of the Landlord Defendants, and then tells them, through use of its algorithm, how to price multifamily housing.

G. Parallel conduct and “plus factors” indicate an existence of a price-fixing conspiracy.

170. As set forth in detail above, Defendants engaged in multiple forms of parallel conduct including (1) entering into agreements to use RENTmaximizer and using RENTmaximizer during the same periods of time; (2) each using pricing adjustments provided by RENTmaximizer with the understanding that usage would produce artificially inflated prices; and (3) each implementing significant rental prices increases after beginning their usage of RENTmaximizer, as shown in the numerous press releases issued by Yardi trumpeting Defendants’ higher rental prices after implementation of RENTmaximizer.

171. In addition, the multifamily market has numerous “plus factors” that render the industry susceptible to collusion and tend to exclude the possibility of independent action. These “plus factors” include (1) exchanges of competitively sensitive information, (2) actions against economic self-interest, (3) high barriers to entry, (4) fungible products subject to inelastic

¹⁸² Ohlhausen, *supra* note 32.

1 consumer demand; (5) high switching costs; (6) ample opportunities to collude; and (7) a related
2 government investigation into similar conduct by RealPage, which makes competing software
3 (“YieldStar”).

4 **1. Exchanges of competitively sensitive information**

5 172. Landlord Defendants all agreed to submit their confidential business information
6 to Yardi RENTmaximizer with the knowledge that the system would use that data to calculate
7 rents for their competitors. Such an agreement of mutual sharing and receiving competitors’
8 information makes sense for Landlord Defendants only if they are assured that their competitors
9 will not use the information provided to gain competitive advantage, i.e., lure renters away
10 through reduced rents. As CW 7, who worked at Yardi between 2019 and 2021 as a senior
11 account executive, explained: while Yardi’s clients were “very concerned about sharing their
12 rental rates more than anything,” “[m]ost people appreciated the fact that if they shared data, they
13 would get data from other clients using things like RENTmaximizer, so that everybody was
14 benefitting from the data.”

15 173. Moreover, confidential witness interviews revealed that Landlord Defendants
16 regularly engaged in “market surveys” to exchange each other’s competitively sensitive pricing
17 information. For example, CW 1, a former leasing consultant for Bridge Property Management,
18 stated that she regularly conducted market surveys by “shopping” other apartment complexes,
19 where she would gather information on pricing. Similarly, CW 2, another former employee at
20 Bridge Property Management, recalled that he would call competitors complexes and asked their
21 leasing agents for rent prices.

22 174. Confidential Witness 9 (“CW 9”), a former employee at HNN Communities in
23 Seattle, stated that she regularly did market surveys of pricing of competitors’ buildings. CW
24 stated that she would call competitors and ask them for pricing information, stating “it was
25 common for neighboring properties to share information.”

26 175. Yardi itself understands that its clients engage in this kind of market research
27 through direct communications with competitors that is then incorporated into the rent
28 adjustments that RENTmaximizer provides. Yardi itself states that RENTmaximizer may

incorporate into its rent adjustments “asking rents for comparable properties that the client selects,” which may include data that “come[s] from the client’s own research.”

2. Actions against economic self-interest.

176. Defendants’ pricing strategy—dramatically increasing rents notwithstanding market conditions—is irrational and against self-interest in a competitive market. In the absence of changes in demand, no rational property managers would act alone to raise rents as they did here during the class period, because any empty units priced exceeding the competitive market price would soon be filled by competitors who offer renters at lower prices.

3. High barriers to entry

177. Where there are significant barriers to entry, new entrants are less likely to enter the market. Thus, barriers to entry help to facilitate the formation and maintenance of a collusion. This holds true here. Property owners and operators face significant entry barriers due to the substantial upfront costs they need to invest in procuring properties, setting up property management systems, complying with regulations and incurring continued outlays for property upkeep. Even relatively modest rental properties require substantial investments. As a result, the multifamily leasing market is less attractive to new entrants, and businesses who just entered the market are less likely to be able to discipline cartel pricing.

178. In addition to building and acquisition costs, developing and maintaining a multifamily rental housing property takes years. Thus, entrants into the market are unlikely to discipline cartel pricing in the short or medium term.

4. Fungible products subject to inelastic consumer demand.

179. With an accounting of a few key overarching property characteristics, such as bedroom and bathroom count, amenities, location, and building age, residential properties in the multifamily housing market are generally interchangeable. This is especially true because the information exchanged by Landlord Defendants through RENTmaximizer is unit-type specific and relates to properties with comparable configurations; thus, the fact that multifamily properties in general have various characteristics does not bear on the ability of Landlord Defendants to coordinate rents through RENTmaximizer. Through the RENTmaximizer pricing algorithm and

1 “dedicated revenue managers” who regularly meet and communicate with property managers,
2 RENTmaximizer lets competitors know and respond in real time to one another’s price.

3 180. Additionally, renters’ demand for renting multifamily homes is inherently
4 inelastic. In most instances, despite price increases, renters still choose to live within certain
5 geographic locations, such as somewhere close to their offices, schools, communities, and the
6 only practicable alternative—purchasing a home—is neither financially nor logistically possible
7 for many renters. Thus, because Landlord Defendants dominated the relevant market during the
8 Class Period, renters generally have limited realistic alternatives to discipline Defendants’ pricing.

9 **5. High switching costs**

10 181. The market for multifamily rental housing also has high switching costs. Faced
11 with a rent increase, many tenants are forced to remain in their current property due to the
12 prohibitively high costs in time and money associated with moving, even if a better-priced
13 alternative is available (e.g., locating an alternative place to live, costs associated with moving,
14 disruptions to personal and work life). Further, many renters are subject to penalties for early
15 termination of a lease (e.g., forfeit of a security deposit or the requirement that the tenant pay rent
16 until the property is re-rented) that make switching even more difficult and/or cost-prohibitive.

17 182. As a result, it is difficult for renters to switch from one rental unit to another even
18 if their current unit is priced at a supracompetitive level. This enhances landlords’ power, and
19 makes collusion more effective, because customers will not typically break their leases to enter a
20 lease for a lower cost property given the substantial cost of doing so. Further, where price
21 increases occur throughout geographic areas (as they do when landlords enter a cartel) renters
22 often do not have any lower-priced options available in reasonable proximity to their work,
23 school, or home. Renters thus cannot simply turn to alternative lessors in their region to discipline
24 cartel pricing.

25 **6. Ample opportunities to collude**

26 183. Landlord Defendants and Yardi have numerous opportunities to collude at the
27 Yardi Advanced Solutions Conferences (YASC) and social events. YASC is a large-scale, well-
28

1 attended social event that is open to Yardi clients only.¹⁸³ Confidential Witness 4 (“CW 4”),¹⁸⁴ a
 2 former senior event specialist at Yardi, stated that YASC “is attended by about 2,000 people each
 3 time, who pay to participate.”¹⁸⁵ Consistent with this, a post on Yardi’s LinkedIn page boasts that
 4 the 2022 YASC, held in San Diego, “welcome[d] 3,000 Yardi clients.”¹⁸⁶

5 184. According to CW 4, the convention includes training sessions and panel
 6 discussions, but is mostly a “networking event.” YASC provides a designated “networking
 7 lounge” for attendees to meet with others who work in the same specialized areas in real estate.
 8 Consistent with this, the conference agenda for the 2015 YASC conference prominently
 9 advertises that it presents “networking opportunities” as well as a “personalized expert advice” in
 10 a “networking lounge” where attendees can have “one-on-one discussions with Yardi’s product
 11 experts”:

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25 ¹⁸³ <https://www.yardi.com/yasc/north-america/> (last visited Sept. 7, 2023).

26 ¹⁸⁴ From 2018 to 2022, CW 4 held various positions at Yardi, including as an account manager and
 event specialist in marketing.

27 ¹⁸⁵ The ticket price for attending YASC North America is \$1,195 USD.
<https://www.yardi.com/yasc/north-america/> (last visited Sept. 7, 2023).

28 ¹⁸⁶ See https://www.linkedin.com/posts/yardi_welcome-to-yasc-2022-activity-6970800896951676928-sqog/?trk=public_profile_like_view#.



YASC '15

Yardi Advanced Solutions Conference

TUESDAY, OCTOBER 6

Golf Outing	12:30 p.m. (shotgun start)
Registration	2 - 6 p.m.

WEDNESDAY, OCTOBER 7

Registration Desk	7 - 10 a.m.
Continental Breakfast	7:30 - 8:30 a.m.
General Session	8:30 - 9:30 a.m.
Spotlight Sessions	9:45 - 10:45 a.m.
Hospitality Desk	10 a.m. - 6 p.m.
Computer Lab	9:30 a.m. - 6 p.m.
Internet Café	9:30 a.m. - 6 p.m.
Morning Sessions	11 a.m. - noon
Lunch	noon - 1:15 p.m.
Afternoon Sessions	1:15 - 5 p.m.
Networking Reception	5:30 p.m. - 9 p.m.

THURSDAY, OCTOBER 8

Hospitality Desk	7 a.m. - 5 p.m.
Computer Lab	7:30 a.m. - 5:30 p.m.
Internet Café	7:30 a.m. - 5:30 p.m.
Breakfast	7:30 - 8:30 a.m.
Morning Sessions	8:30 a.m. - noon
Lunch	noon - 1:15 p.m.
Afternoon Sessions	1:15 - 5 p.m.
Cocktail Reception	6 - 7 p.m.
Gala Dinner and Entertainment	7 - 11 p.m.

FRIDAY, OCTOBER 9

Hospitality Desk	7:30 a.m. - noon
Computer Lab	7:30 a.m. - noon
Internet Café	7:30 a.m. - noon
Breakfast	7:30 - 8:30 a.m.
Morning Sessions	8:30 a.m. - noon

COURSE FORMAT

With 60 minute-long sessions, you can register for up to 14 sessions throughout the conference to get the most value for your time and money. We have classroom sessions, roundtables, and panel discussions to give you the information you need to keep your business social, mobile, and smart.

INTRODUCING THE YASC APP!

We've created a new app designed just for YASC. Use it to download course materials, complete your session evaluations, and view or change your class selections—you can even monitor YASC social feeds during the conference! Once course materials are available, registered attendees will receive a unique login to manage conference resources on the go from any Apple or Android mobile device.

NETWORKING OPPORTUNITIES

Make valuable connections with your industry peers from around the world — as well as with Yardi staff and consultants — during the kick-off cocktail reception, dinner gala, or one of the full breakfasts, gourmet lunches, and snack breaks.

HANDS-ON EXPERIENCE

Reinforce newly acquired skills with hands-on experience in our on-site lab, which offers assistance with all products. SQL scripting and reporting, and the opportunity to engage in one-on-one discussions with Yardi's expert account managers and technical staff. For lab hours, refer to the conference schedule.

PERSONALIZED EXPERT ADVICE

The Networking Lounge is your opportunity for one-on-one discussions with Yardi's product experts.

Considering making the switch to Voyager 7S? Let your sales rep walk you through the steps you'll take to move to our most advanced property management platform. Already have Voyager 7S? You'll probably be interested in the various add-on modules that expand the Voyager feature set to cover your business from the back office to the field.

SOCIAL MEDIA SOLUTIONS

The Social Media Lounge is the go-to place for help analyzing your company's social media strategy. Talk to one of our social media gurus about optimizing your online presence, reputation management, and so much more. The Lounge is available throughout most of the conference, so drop by and say hi!

185. Previous YASC conference agendas indicate that Yardi provides RENTmaximizer trainings at these yearly conferences. For example, the 2015 YASC conference agenda included two separate RENTmaximizer-specific trainings:

- RM020** Yardi RENTmaximizer
 Learn about Yardi's approach to rental pricing, enabling you to realize the full benefits of revenue management systems. We will cover pricing methodology and term-based pricing, which allow freedom of choice while optimizing lease terms to smooth out expirations. This trends-based approach to pricing also allows you to recover costs and increase revenue using rules you define.
- RM210*** Getting the Most out of RENTmaximizer
 This session will cover best-practice settings for a wide range of areas including lease renewal pricing and the various options you have available to you. In addition we will cover demand indicators to give you an understanding of what may work best for your organization. Lastly, you will learn about new and little-known RENTmaximizer features.

186. Similarly, the 2019 YASC conference agenda includes a training on “getting the most out of RENTmaximizer” as well as a “RENTmaximizer overview” session:

Wednesday, May 22

CM075	Yardi Elevate Retail Manager: Introduction	8:30 – 8:55 a.m.
CM090	Yardi Elevate Forecast Manager for Commercial: Introduction	9 – 9:25 a.m.
TE060	Document Management for SharePoint	9 – 9:25 a.m.
JC020	Yardi Elevate Construction Manager for Commercial: Introduction	9:45 – 10:10 a.m.
CH020	Corporate Housing: Overview	9:45 – 10:10 a.m.
eL040	eLearning: Introduction	10:15 – 10:40 a.m.
RM030	Yardi Elevate for Multifamily: Introduction	10:15 – 10:40 a.m.
CM063	Yardi Elevate Deal Manager for Commercial: Introduction	11 – 11:25 a.m.
RM070	Yardi Matrix for Residential	11 – 11:25 a.m.
CM020	Yardi Elevate for Commercial: Introduction	11:30 – 11:55 a.m.
P2P050	Procure to Pay Demo	1:20 – 1:45 p.m.
EU060	IoT & Smart Homes	1:20 – 1:45 p.m.
P2P040	Bill Pay Overview	1:50 – 2:15 p.m.
EU062	Success Stories: Utility Invoice Processing & Benchmarking	1:50 – 2:15 p.m.
IM010	Why Use Investment Management?	2:30 – 2:55 p.m.
KT020	RENTCafé Connect & Call Automation	2:30 – 2:55 p.m.
IM020	Investment Management New Features: Performance Analysis & Debt Management	3 – 3:25 p.m.
RM040	ScreeningWorks Pro: Introduction	3 – 3:25 p.m.
CM080	Yardi Elevate Asset Intelligence for Commercial: Introduction	4 – 4:25 p.m.
RM030	Yardi Elevate for Multifamily: Introduction	4 – 4:25 p.m.
EU045	Yardi Pulse for Commercial: Introduction	4:30 – 4:55 p.m.
RM020	RENTmaximizer Overview	4:30 – 4:55 p.m.

Thursday, May 23: Morning**8:30 – 9:30 a.m. Session 13**

AC131	Voyager Bank Reconciliation
AC210	Account Trees: Introduction
AC320	GL Allocations
RE580	SSRS Basics for Developers
RE170	Custom Financial Analytics: Introduction
TE215	System Administration Toolbox
TE360	Voyager Standard Interfaces Overview
eL340	Advanced Authoring Tools & Techniques in Yardi eLearning
RT110	New York Roundtable Q
IM200	Investment Management: Introduction
MM330	Maintenance: Work Order Advanced Features
CM180	Tax & Insurance
EU150	Energy Management for Multifamily
RM210	Getting the Most out of RENTmaximizer
RM160	ResidentShield Renters Insurance
KT140	RENTCafé for Residents
AF231	Converting to TRACS 203A
AF201	Affordable Housing Best Practices
AF060	RENTCafé Affordable Housing Roundtable
PH161	Basic MTW Configuration

187. It is likely that personnel from named Landlord Defendants and/or their co-conspirators have attended certain of these conferences. Indeed, a November 2017 post on co-conspirator ALCO Management's website recounts a panel at the 2017 YASC during which Dana

1 Patterson, Senior Vice President of Operations at ALCO, recounted that ALCO uses
2 RENTmaximizer:

3 On the panel were Dana Patterson, director of asset management at
4 ALCO Management, Maria Braun, ERP business analyst at Bigos
5 Management and Lisa Friedman, database coordinator at HCA
6 Management Services. Aaron Wells, the Yardi client services team
7 leader for BI, moderated. . . .

8 Patterson explained that ALCO also uses Yardi RENTmaximizer for
9 revenue management, Yardi Payment Processing for electronic
10 transactions and RENTCafé for marketing, leasing and online
11 resident services. The addition of Orion to its Voyager platform
12 combines all of that operational and ancillary services data to deliver
13 powerful analytics across its portfolio.¹⁸⁷

14 188. Senior Yardi employees have also specifically advertised RENTmaximizer at
15 industry conferences and touted, among other things, its ability to de-prioritize landlords'
16 traditional focus on maximizing occupancy. As noted above, a now-deleted 2014 post on Yardi's
17 corporate blog recounts that Dharmendra Sawh, then Yardi's "principal for revenue
18 management," had addressed the Canadian Federation of Apartment Associations' Rental
19 Housing Conference and was scheduled to speak on a panel at the Canadian Apartment
20 Investment Conference not long afterwards as part of RENTmaximizer's then-recent entry into
21 the Canadian market:

22 RENTmaximizer is also entering new global markets, and is now
23 available for apartment owners and managers in Canada. Though
24 regulations applied to Canadian rental real estate have often stymied
25 use of revenue management products there in the past, things are
26 beginning to change.

27 In July, Sawh addressed the Canadian Federation of Apartment
28 Associations' Rental Housing Conference 2014 in Vancouver,
British Columbia with an introduction to revenue management and
opportunities for its use in Canadian markets. In September 10, he'll
speak on a panel at the Canadian Apartment Investment Conference
in Toronto, Ontario.

"In addition to government regulation, Canadian apartments are
typically run with very high occupancy rates. It may require a

¹⁸⁷ *The Benefits of BI*, Alco Management (November 8, 2017),
<https://www.alcomgt.com/blog/2017/11/08/the-benefits-of-bi/>.

change in mentality, but there are some real opportunities to realize rent gains with the use of a revenue management solution,” Sawh said.¹⁸⁸

189. Further, relevant Yardi personnel serve in industry trade associations and appear at trade association events. For example, Vice President of Yardi Matrix Jeffrey Adler is a Board Member of the National Multifamily Housing Council (NHMC).¹⁸⁹ Yardi promotes its products at NHMC events; for example, a 2021 press release notes that Yardi “is a top-tier Chairs Circle Sponsor” of the NHMC’s “OPTECH” conference and maintains a booth at the event with demos of its products. The same press release quotes Terri Dowen, Yardi’s senior vice president of sales, as stating: “It will be great to interact face-to-face again with industry peers at NMHC OPTECH. The Yardi team looks forward to demonstrating how we incorporate user input and trends into technology solutions that set the standard for innovation, connection and operational improvement.”¹⁹⁰

190. Finally, Yardi revenue managers have regular contact with RENTmaximizer clients to directly help property managers with pricing and keep up to date on their competitors. Further, property managers also call competitor properties to directly obtain pricing information from them on a regular basis.

7. Related government investigation.

191. Federal antitrust regulators are reportedly investigating virtually identical conduct by Yardi competitor RealPage, which is facing a related lawsuit in the Middle District of Tennessee based on allegations that RealPage’s YieldStar pricing algorithm “works by collecting information from property managers who are the company’s clients, including what rents they are

¹⁸⁸ Leah Etling, *Revolutionary Revenue: Market Data Insight* (Aug. 27, 2014), The Balance Sheet: Yardi Corporate Blog, available at <https://web.archive.org/web/20140908043659/https://www.yardi.com/blog/news/revolutionary-revenue/11339.html> (emphasis added).

¹⁸⁹ <https://www.yardimatrix.com/About-Us/Key-Management/Jeff-Adler>.

¹⁹⁰ Yardi, *Yardi Spotlighting Multifamily Solutions at NHMC OPTECH*, <https://www.yardi.com/news/press-releases/yardi-spotlighting-multifamily-solutions-at-nmhc-optech/> (last visited Nov. 3, 2023).

able to charge tenants,” information “fed into an algorithm that then recommends prices daily for each available apartment.”¹⁹¹ This is almost precisely the same as the conduct alleged here.

192. Specifically, according to the November 23, 2022 article,

The Department of Justice’s Antitrust Division has opened an investigation into whether rent-setting software made by a Texas based real estate tech company is facilitating collusion among landlords, according to a source with knowledge of the matter. The inquiry is being launched as questions have arisen about a 2017 merger between RealPage and its largest pricing competitor.¹⁹²

193. The investigation followed three letters from Congressional leaders to the DOJ and FTC pushing for such an investigation:

The letters raised concerns that RealPage’s pricing software could be pushing rents above competitive levels and allowing big landlords to coordinate their pricing in violation of federal antitrust laws.

“We are concerned that the use of this rate setting software essentially amounts to a cartel to artificially inflate rental rates in multifamily residential buildings,” three senators said in a letter in early November.¹⁹³

194. The same article also notes that RealPage has defended its conduct by stating, among other things, that “its software helps reduce the risk of collusion that would occur if landlords relied on phone surveys of competitors to manually price their units.”¹⁹⁴ Remarkably, this is precisely the collusion that Yardi facilitates by using data collected through extensive phone surveys (as part of which Yardi employees falsely identify themselves as potential renters) as an input to the RENTmaximizer pricing algorithm.

195. Most recently, on October 12, 2023, the Department of Justice filed a notice in the RealPage action stating that the United States “has a particularly substantial interest in addressing the proper application of Section 1 of the Sherman Act, 15 U.S.C. § 1, to the use of algorithms by competitors to help set pricing. Companies’ use of algorithms in price setting, often in an effort to

¹⁹¹ Heather Vogell, *Department of Justice Opens Investigation Into Real Estate Tech Company Accused of Collusion with Landlords*, ProPublica (Nov. 23, 2022), <https://www.propublica.org/article/realpage-rent-doj-investigation-antitrust>.

¹⁹² *Id.*

¹⁹³ *Id.*

¹⁹⁴ *Id.*

1 increase pricing, has become more prevalent in the modern economy. As a result, the issues
 2 involved in this case are of increasing significance to the application of antitrust law across the
 3 economy.”¹⁹⁵ The Department of Justice has indicated that may file a potential Statement of
 4 Interest in that case by November 15, 2023.

5 **V. RELEVANT MARKET**

6 196. Defendants’ actions described herein constitute a single unlawful conspiracy to fix,
 7 raise, stabilize, or maintain the nationwide multifamily rental prices at artificially high levels, and
 8 is *per se* illegal under the Sherman Act. This agreement was evidenced by Landlord Defendants’
 9 reciprocal exchange of competitively sensitive information through Yardi and outsourced their
 10 independent price decisions to a common decision maker.

11 197. Because of the horizontal nature of the alleged conspiracy, and because the
 12 conduct alleged here increased prices and reduced output, if the Court declines to analyze this
 13 case under the *per se* rule, the Court could conduct a “quick look” review. Under either mode of
 14 analysis, Plaintiffs are not required to prove that Defendants had market power in any defined
 15 antitrust market. To the extent the Court decides to engage in the rule of reason analysis, the
 16 relevant product market is the multifamily housing rental market, and the relevant geographic
 17 market is the United States.

18 198. Consumers do not consider housing available for purchase as substitutes for
 19 multifamily rental apartment units because, among other reasons, purchase of real estate requires
 20 a substantial financial investment for a down payment that often requires financing. In addition,
 21 the short-term nature of leases is not equivalent to long-term permanent purchasing. Nor is single-
 22 family real estate considered an economic substitute for multifamily residential real estate,
 23 because of amenities, security, and availability.

24 199. The multifamily rental market satisfies the test for market definition used by
 25 federal antitrust enforcement agencies, widely known as the “SSNIP test.” The test asks whether a
 26 hypothetical monopolist in a proffered market could profitably impose a small but significant

27
 28 ¹⁹⁵ See United States’ Notice of Potential Participation (ECF No. 599), *In re: RealPage Rental Software Antitrust Litigation (No. II)*, Case No. 3:23-MD-3071 (Oct. 12, 2023).

(typically 5%), non-transitory increase in price (a “SSNIP”), without causing a sufficient number of customers to switch to other products or services such that the SSNIP would be unprofitable to the monopolist. If the SSNIP is profitable, the market is properly defined. If the SSNIP is not profitable, the market is too narrowly defined and does not encompass sufficient economic substitutes.

200. Here, the SSNIP test is satisfied and the market is properly defined. As described above, pursuant to the Landlord Defendants’ agreement not to compete on price, Landlord Defendants are able to gain (according to Yardi) “on average more than 6% net rental income growth,”¹⁹⁶ yet those increases have not driven enough renters out of the market such that the SSNIP has become unprofitable to Landlord Defendants.

A. Regional Submarkets

201. Defendant Yardi operates a nationwide business and RENTmaximizer is widely used by multifamily residential rental properties across the United States.

202. The relevant submarkets are the individual Metropolitan Statistical Area (“MSA”) as defined by the U.S. Census Bureau and Office of Management and Budget. An MSA is a geographic entity “associated with at least one urban area of at least 50,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties.”¹⁹⁷

203. The needs for convenience, familiarity, and accessibility create distinct regional submarkets within the multifamily housing rental market. When searching for multifamily apartments, renters generally prioritize properties near their workplaces, schools, communities. As a result, renters in a particular MSA do not consider multifamily residential leases in other MSAs as adequate substitutes.

204. Using MSAs as the relevant geographic market is appropriate for the lease of multifamily residential rental properties.¹⁹⁸

¹⁹⁶ *Yardi Multifamily Suite*, *supra* note 8.

¹⁹⁷ <https://www.census.gov/programs-surveys/metro-micro/about/glossary.html>.

¹⁹⁸ *In re RealPage, Inc., Rental Software Antitrust Litig. (No. II)*, 709 F. Supp. 3d 478, 525 (M.D. Tenn. 2023).

1 205. Plaintiffs allege that Defendants' agreement harmed competition in at least the
2 following MSAs, each of which compromises a separate and distinct relevant geographic market
3 under any potential Rule of Reason Analysis:

4 206. The **Seattle, Washington** Submarket corresponds to the Census Bureau's Seattle–
5 Tacoma–Bellevue MSA and contains the three largest counties in the state: King, Pierce, and
6 Snohomish counties. Multiple Landlord Defendants, including Bridge, Avenue5, Calibrate, HNN,
7 Pillar, Greystar, Guardian, Goodman, Sentinel and Lincoln, own or operate multifamily
8 residential apartments in that market.

9 207. The **Atlanta, Georgia** Submarket corresponds to the Census Bureau's Atlanta–
10 Sandy Springs–Roswell MSA and includes Fulton, DeKalb, Gwinnett, Cobb, Clayton, Douglas,
11 Fayette, and Henry counties. Multiple Landlord Defendants, including Greystar, Lincoln, RPM,
12 RAM, and Woodward, own or operate multifamily residential apartments in that market.

13 208. The **Arlington, Virginia** Submarket corresponds to the Census Bureau's
14 Washington DC–Arlington–Alexandria MSA and includes the District of Columbia and counties
15 such as Alexandria, Fairfax, and Falls Church. Multiple Landlord Defendants, including Greystar,
16 Dweck, Lincoln, Sentinel, Southern Management, and KRE, own or operate multifamily
17 residential apartments in that market.

18 209. The **Austin, Texas** Submarket corresponds to the Census Bureau's Austin–Round
19 Rock–Georgetown MSA, and consists of the City of Austin, Bastrop County, Caldwell County,
20 Hays County, Travis County, and Williamson County. Multiple Landlord Defendants, including
21 Avenue5, Bridge, Greystar, RPM, RAM, and Lincoln, own or operate multifamily residential
22 apartments in that market.

23 210. The **Baltimore, Maryland** Submarket corresponds to the Census Bureau's
24 Baltimore–Columbia–Towson MSA and consists of the City of Baltimore and six counties in
25 Maryland. Multiple Landlord Defendants, including Apartment Services, Avenue5, Sentinel,
26 Greystar, and Southern Management, own or operate multifamily residential apartments in that
27 market.
28

1 211. The **Chicago, Illinois** Submarket corresponds to the Census Bureau's Chicago–
2 Naperville–Elgin MSA and includes 14 counties in Illinois, Indiana, and Wisconsin. Multiple
3 Landlord Defendants, including Lincoln, Greystar, Habitat, and RPM Living, own or operate
4 multifamily residential apartments in that market.

5 212. The **Charlotte, North Carolina** Submarket corresponds to the Census Bureau's
6 Charlotte–Gastonia–Concord MSA and includes 11 counties in North and South Carolina.
7 Multiple Landlord Defendants, including Avenue5, Bridge, Grubb Properties, Greystar, Lincoln,
8 RPM, Sentinel and PRG, own or operate multifamily residential apartments in that market.

9 213. The **Colorado Springs, Colorado** Submarket corresponds to the Census Bureau's
10 Colorado Springs MSA, and includes El Paso and Teller counties. Multiple Landlord Defendants,
11 including Ram Partners, Greystar, Lincoln, Avenue5, RPM, and Asset Living, own or operate
12 multifamily residential apartments in that market.

13 214. The **Jacksonville, Florida** Submarket corresponds to the Census Bureau's
14 Jacksonville MSA and includes Duval, St. Johns, Clay, Nassau, and Baker counties. Multiple
15 Landlord Defendants, including Greystar, RPM, Lincoln, Bridge, FPI, RAM, and Sentinel, own
16 or operate multifamily residential apartments in that market.

17 215. The **Los Angeles, California** Submarket corresponds to the Census Bureau's Los
18 Angeles–Long Beach–Anaheim MSA and includes Los Angeles and Orange counties. Landlord
19 Defendants, including Bridge, GHP, Western National Securities, Avenue5, Greystar and
20 Balaciano Group, own or operate multifamily residential apartments in that market.

21 216. The **Phoenix, Arizona** Submarket corresponds to the Census Bureau's Phoenix–
22 Mesa–Chandler MSA and includes all of Maricopa and Pinal counties. Multiple Landlord
23 Defendants including Avenue5, Bridge, Calibrate, Greystar, Guardian, RPM, Pillar and Lincoln,
24 own or operate multifamily residential apartments in that market.

25 217. The **Portland, OR** Submarket corresponds to the Census Bureau's Portland–
26 Vancouver–Hillsboro MSA and is comprised of seven counties in Oregon and Washington state.
27 Multiple Landlord Defendants, including Affinity, Avenue5, Summit, Greystar, and Guardian,
28 own or operate multifamily residential apartments in that market.

218. The list of MSAs above is a non-exhaustive list of the relevant submarkets.

VI. CLASS ACTION ALLEGATIONS

219. Plaintiffs bring this action on behalf of themselves and all others similarly situated pursuant to Federal Rules of Civil Procedure 23(a) and 23(b)(3) as representatives of the Class, which is defined as follows:

All persons and entities in the United States that leased multifamily housing in the United States from a landlord that used Yardi's RENTmaximizer or Revenue IQ software programs, or from a division, subsidiary, predecessor, agent, or affiliate of such Defendant or Conspirator, at any time during the period of September 8, 2019, until the Defendants and Conspirators' unlawful conduct and its anticompetitive effects cease to persist.

220. The Class is so numerous that joinder of all members in this action is impracticable. There are thousands of members in the proposed Class.

221. Plaintiffs' claims are typical of those of the Class.

222. Plaintiffs and members of the Class were all injured by the same unlawful conduct, which resulted in all of them paying more for leases than they otherwise would have in a competitive market.

223. Plaintiffs will fairly and adequately protect and represent the interests of the Class. The interests of the Plaintiffs are not antagonistic to the Class.

224. Questions of law and fact common to the members of the Class will predominate over questions, if any, that may be individual to individual class members, since the Defendants have acted and refused to act on grounds generally applicable to the Class.

225. Questions of law and fact common to the Class include:

- a. Whether Defendants have entered into a formal or informal contract, combination, conspiracy, or common understanding to artificially inflate the price and/or artificially suppress the supply of multifamily housing real estate leases;
- b. If Defendants entered into such a formal or informal contract, combination, conspiracy, or common understanding, whether that conduct violates Section 1 of the Sherman Act under the per se, quick look, or rule of reason modes of analysis;
- c. If Defendants entered into such a formal or informal contract, combination, conspiracy, or common understanding, whether that conduct has in fact artificially inflated price and/or artificially suppressed supply of multifamily housing real estate leases from competitive levels;

1 d. The proper measure of damages; and

2 e. The contours of appropriate injunctive relief to remediate the
3 anticompetitive effects of the challenged conduct in the future.

4 226. Plaintiffs and members of the Class are represented by counsel who are
5 experienced and competent in the prosecution of complex antitrust and unfair competition class
6 actions.

7 227. Class action treatment is the superior method for the fair and efficient adjudication
8 of the controversy in that, among other things, such treatment will permit a large number of
9 similarly situated persons or entities to prosecute their common claims in a single forum
10 simultaneously, efficiently, and without the unnecessary duplication of effort and expense that
11 numerous individual actions would engender. The benefits of proceeding through the class
12 mechanism, including providing injured persons or entities with a method of obtaining redress for
13 claims that might not be practicable for them to pursue individually, substantially outweigh any
14 difficulties that may arise in the management of this class action.

15 **VII. CAUSES OF ACTION**

16 **FIRST CLAIM FOR RELIEF**

17 **VIOLATION OF SECTION 1 OF THE SHERMAN ACT** 18 **FOR AGREEMENT IN RESTRAINT OF TRADE (HUB AND SPOKE CONSPIRACY)** 19 **15 U.S.C. § 1**

20 **(On Behalf of Nationwide Class for Injunctive and** 21 **Equitable Relief and Compensatory Damages)**

22 228. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every
23 allegation set forth in the preceding paragraphs of this Complaint.

24 229. Beginning in 2011, Defendants engaged in a continuing contract, combination, or
25 conspiracy to unreasonably restrain interstate trade and commerce in violation of Section 1 of the
26 Sherman Act, 15 U.S.C § 1.

27 230. The contract, combination, or conspiracy alleged herein has consisted of a
28 continuing agreement among Defendants to use Yardi's pricing algorithms to artificially inflate
price in the nationwide market for multifamily rental housing. This combination, generally known

1 in antitrust law as a hub and spoke conspiracy, consists of a combination of (1) a set of vertical
 2 agreements between Defendants and Yardi that implement Yardi's revenue management program
 3 and (2) a horizontal agreement amongst all Defendants to use Yardi's revenue management
 4 program.

5 231. The contract, combination, or conspiracy alleged herein has caused Plaintiffs and
 6 Class members to suffer overcharge damages.

7 232. There are no procompetitive justifications for the Defendants' cartel, and any
 8 proffered justifications, to the extent legitimate, could have been achieved through less restrictive
 9 means.

10 233. Defendants' conspiracy is a *per se* violation of Section 1 of the Sherman Act. In
 11 the alternative, Defendants' conspiracy violates section 1 of the Sherman Act under either a quick
 12 look or rule of reason analysis.

13 SECOND CLAIM FOR RELIEF

14 VIOLATION OF SECTION 1 OF THE SHERMAN ACT 15 FOR AGREEMENT IN RESTRAINT OF TRADE (SET OF VERTICAL AGREEMENTS) 16 15 U.S.C. § 1

17 (On Behalf of Nationwide Class for Injunctive and 18 Equitable Relief and Compensatory Damages)

19 234. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every
 20 allegation set forth in the preceding paragraphs of this Complaint.

21 235. Beginning in 2011, Defendants engaged in a continuing contract, combination, or
 22 conspiracy to unreasonably restrain interstate trade and commerce in violation of Section 1 of the
 23 Sherman Act, 15 U.S.C § 1.

24 236. The contract, combination, or conspiracy alleged herein has consisted of a set of
 25 vertical agreements between Defendants and Yardi for each Defendant to use Yardi's pricing
 26 algorithms to set prices for multifamily rental housing. Sets of vertical agreements are actionable
 27 as an overall combination under antitrust law, and are analyzed under the rule of reason.
 28

237. Each individual agreement between a Defendant Landlord and Yardi in isolation had the anticompetitive effect of artificially inflating prices for multifamily rental housing for that Defendant Landlord.

238. In the aggregate, the set of vertical agreements between Defendants Landlords and Yardi artificially inflated prices in the relevant market of multifamily rental housing in the United States. In particular, as a result of the vertical agreements, competitor Defendant Landlords each delegated pricing to a centralized third party, Yardi, with the understanding that Yardi revenue management software would inflate the rents that they collectively charged.

239. The contract, combination, or conspiracy alleged herein has caused Plaintiffs and Class members to suffer overcharge damages.

240. There are no procompetitive justifications for the Defendants' cartel, and any proffered justifications, to the extent legitimate, could have been achieved through less restrictive means.

241. Defendants' conspiracy violates section 1 of the Sherman Act under either a quick look or rule of reason analysis.

THIRD CLAIM FOR RELIEF

VIOLATION OF SECTION 1 OF THE SHERMAN ACT FOR CONSPIRACY TO EXCHANGE COMPETITIVE INFORMATION 15 U.S.C. § 1

(On Behalf of Nationwide Class for Injunctive and Equitable Relief and Compensatory Damages)

242. Plaintiffs incorporate and reallege, as though fully set forth herein, each and every allegation set forth in the preceding paragraphs of this Complaint.

243. Beginning in 2011, Defendants and their co-conspirators entered into a continuing agreement to regularly exchange detailed, timely, competitively sensitive, and non-public information about their operations. This agreement is an unreasonable restraint of trade in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1.

1 244. Defendants' acts in furtherance of their combination or conspiracy were
2 authorized, ordered, or done by their officers, agents, employees, or representatives while actively
3 engaged in the management of Defendants' affairs.

4 245. Defendants' anticompetitive acts involved United States domestic commerce and
5 import commerce, and had a direct, substantial, and foreseeable effect on interstate commerce by
6 raising and fixing prices for multifamily real estate leases.

7 246. The relevant product market is the market for the lease of multifamily real estate
8 and the relevant geographic market is nationwide.

9 247. Defendants possess market power in the relevant antitrust market.

10 248. Defendants could impose an increase in the price of leases collectively without
11 causing many consumers to switch their purchases to another lease. Leases constitute a unique
12 product market.

13 249. The information regularly exchanged by Defendants pursuant to the agreement has
14 consisted of detailed, competitively sensitive, and non-public information about current supply,
15 production, and pricing plans regarding leasing.

16 250. Landlord Defendants' regular information exchanges through Yardi reflected
17 concerted action between horizontal competitors in the market for leases. In particular, Landlord
18 Defendants understood that information they provided would be incorporated into Yardi Matrix
19 and also used, in aggregated fashion, to provide pricing recommendations through
20 RENTmaximizer.

21 251. Each Landlord Defendant furnished competitively sensitive information to other
22 leasing companies with the understanding that it would be reciprocated in the form of pricing
23 recommendations that utilized that data. These reciprocal exchanges of information between
24 Landlord Defendants constituted a horizontal exchange of information.

25 252. The collective agreement to regularly exchange detailed and non-public
26 information about current production, supply, and pricing of leases suppressed competition
27 between the Defendants.
28

1 as provided by Rule 23(c)(2) of the Federal Rules of Civil Procedure, be given to the Class, once
2 certified;

3 B. The unlawful conduct, conspiracy, or combination alleged herein be adjudged and
4 decreed in violation of Section 1 of the Sherman Act;

5 C. Plaintiffs and the Class recover damages, to the maximum extent allowed under
6 the applicable laws, and that joint and several judgments in favor of Plaintiffs and the members of
7 the Class be entered against Defendants in an amount to be trebled to the extent such laws permit;

8 D. Defendants, their affiliates, successors, transferees, assignees and other officers,
9 directors, partners, agents, and employees thereof, and all other persons acting or claiming to act
10 on their behalf or in concert with them, be permanently enjoined and restrained from in any
11 manner continuing, maintaining, or renewing the conduct, conspiracy, or combination alleged
12 herein, or from entering into any other conspiracy or combination having a similar purpose or
13 effect, and from adopting or following any practice, plan, program, or device having a similar
14 purpose or effect;

15 E. Plaintiffs and the members of the Class be awarded pre- and post-judgment interest
16 as provided by law, and that such interest be awarded at the highest legal rate from and after the
17 date of service of this Complaint;

18 F. Plaintiffs and the members of the Class recover their costs of suit, including
19 reasonable attorneys' fees, as provided by law; and

20 G. Plaintiffs and the members of the Class have such other and further relief as the
21 case may require and the Court may deem just and proper.

22 **JURY TRIAL DEMANDED**

23 Plaintiffs demands a trial by jury, pursuant to Rule 38(b) of the Federal Rules of Civil
24 Procedure, of all issues so triable.

1 DATED: March 5, 2025

Respectfully submitted,

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